

May 12, 2020

Mayor Kirk Caldwell, City and County of Honolulu  
 Councilmember Ikaika Anderson, City and County of Honolulu  
 Councilmember Joey Manahan, City and County of Honolulu  
 Councilmember Tommy Waters, City and County of Honolulu  
 Councilmember Ann Kobayashi, City and County of Honolulu  
 Councilmember Carol Fukunaga, City and County of Honolulu

# **URGENT: OCCUPANCY RELIEF PROGRAM FOR LANDOWNERS AND TENANTS**

The Governor of Hawaii and the Mayor of the City and County of Honolulu have issued several emergency proclamations following the identification of the COVID-19 outbreak as an international health emergency by the World Health Organization on January 30, 2020 and declared a national public health emergency by the United States Secretary of Health on January 31, 2020. Proclamations include travel restrictions, self-quarantine mandates, school closures, physical/social distance instructions, and other directives resulting in the mandatory closure of all non-essential businesses. These emergency proclamations have negatively impacted Honolulu businesses, resulting in reduced hours of operation, employee layoffs, and even permanent business closures. While much attention has been given to helping small businesses survive the current economic conditions, there is one solution which has not yet been considered but could offer considerable long-term relief to small businesses.

An overwhelming majority of businesses in Hawaii have been financially impacted by the 2020 COVID-19 downturn. In March 2020, many small businesses were forced to temporarily shutter their operations, resulting in a large influx of furloughed and laid off employees during March and April 2020. More than 250,000 residents have filed unemployment claims which equates to approximately forty percent of Hawaii's workforce, with more anticipated as an increasing number of small businesses are faced with business disruptions preventing payment of monthly obligations.

During the last recession from 2008 to 2010, Hawaii lost a cumulative 38,000 jobs and had a net loss of over 1,600 small businesses.<sup>1</sup> It took 7 years to eventually recover. As compared to the last recession, job losses during the 2020 COVID-19 downturn increased by over 500%. Thousands of businesses have temporarily closed and many of these businesses may close permanently. [REDACTED] recent study, Hawaii was noted as having the highest percentage of businesses affected by the COVID-19 pandemic, as well as the highest share of small businesses operating in "high-risk industries" such as restaurants, hospitality and tourism. Hawaii small businesses employ over half of the workforce. Losing 10% or more of small business employment, or 27,000 jobs, with annual personal income of \$35,000,<sup>2</sup> means \$950 million in lost annual wages. Using pre-tax discretionary income of 20%, this would reduce the velocity of money in circulation by \$190 million annually.

<sup>1</sup> Presentation by Eugene Tian, DBEDT, on 6 April 2020

<sup>2</sup> DBEDT

Small businesses represent 99.3% of all Hawaii businesses.<sup>3</sup> If 20% or 6,400 of Hawaii's small businesses permanently closed, and if each business had annual revenue of \$1.1 million,<sup>4</sup> that would equate to \$7.0 billion of lower combined annual revenue and would mean \$280 million in lost GE taxes to the State of Hawaii.

By assisting claimants to keep small businesses in place, the State of Hawaii would realize the following benefits:

- Increase the velocity of money in circulation by \$1.9 billion over a ten-year period.
- Save over \$2.8 billion in GE tax revenue to the State of Hawaii over a ten-year period.

**Purpose: Earmark a portion of the CARES Act funding** for the purpose of an Occupancy Relief Program to provide emergency occupancy assistance for businesses affected by the 2020 coronavirus pandemic by preserving their physical occupancy through a grant paid to claimants.<sup>5</sup>

Businesses catering to tourism and/or deemed non-essential are being severely affected by the coronavirus pandemic and many are unable to operate during the shelter-in-place order. To avoid excessive and unsustainable occupancy costs post-coronavirus, landlords and tenants need a catalyst that helps to shift thinking towards fostering positive dialogue and in some cases, establishing new lease terms to aid in post-coronavirus economic recovery. **The Occupancy Relief Program is established to promote goodwill and encourage claimants to provide rent abatement and/or new beneficial lease terms with their tenants.**

The Emergency Rent Relief Fund will be established using \$ \_\_\_\_ million of funding from the CARES Act and will be administered to 100% of conditionally approved applicants receiving their proportional share of total need.

Each claimant shall file an Occupancy Relief grant application with \_\_\_\_\_, on forms prescribed by \_\_\_\_\_. The grant application must designate the property to which the grant applies, and include a statement setting forth (1) a list of all owners of the real property; (2) facts establishing the eligibility for the grant under the provisions of this article; (3) the requested amount of the grant; and (4) any other relevant information required. In the application, grant amounts requested shall be the greater of (1) six (6) months of real property tax or (2) \$10,000 per eligible tenant. The claimant shall also provide a specific plan on how the requested amount will be used. For example, a claimant requesting \$100,000 shall also provide a worksheet attachment that exhibits the number of eligible<sup>7</sup> tenants and how much each will be allocated (landlord's sole discretion), and checking off how that pass through will happen (i.e. rent abatement, CAM credit, etc.). The claimant signs to attest that they are in good standing, current on real property taxes, etc., and will use the money as laid out in the worksheet. Real property taxes is being used as a standard for what claimants can qualify for.

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<sup>3</sup> sba.gov

<sup>4</sup> <https://www.hawaiibusiness.com/top-250-2019/>

<sup>5</sup> "Claimant" means an owner of real property that is used for any legal commercial use where said use generates income to the owner of the parcel (e.g., landlords, owner-users of business property). When there are two or more owners of real property, all owners of the Property must jointly apply as the Claimant.

<sup>7</sup> "Eligible" tenants have incurred Demonstrable Financial Hardship.

In addition, each eligible tenant and owner-user claimants shall sign to attest that (i) they have incurred Demonstrable Financial Hardship; and, (ii) that they are in good standing.

Separate applications may be made on multiple properties for individuals/entities that own more than one property, but in no event shall any property qualify for more than one grant under this program. Claimants that utilize multiple parcels for their business operations may include multiple parcels in a single application.

The grant application must be filed by \_\_\_\_\_, 2020. The City accepts all of these applications over a two (2) week period and then awards 100% of conditionally approved applicants receiving their proportional share of total need. For example, if the Emergency Rent Relief Fund has \$100 million, and the total need from applications conditionally approved is \$150 million, each applicant who is conditionally approved will receive 2/3 of their grant request. Applications that come in after the deadline will be pooled for a Second Round of funding depending on whether conditionally approved claimants decide, for whatever reason, not to receive their grant.

Once claimants are conditionally selected, funding occurs once:

(a) For landlords:

- Sign all applicable attestations required and/or other documents as reasonably required by this program
- claimant produces executed agreements with each tenant for the amount provided for on their line of the worksheet.
- evidence that the claimant is current on all Real Property Taxes;
- evidence that small business tenant(s) are registered with the Hawaii DCCA and are in good standing.
- tenants receiving abatement must have been occupying the property prior to February 15, 2020 and such occupancy must continue through the date that is 3 months following the date of claimant's application.
- Entity must be U.S. owned (created & formed in the U.S. under U.S. laws,  $\geq 51\%$  U.S. ownership)
- Proceeds benefit domestic operations
- certifies that the tenants receiving abatement were forced to reduce operational capacity<sup>9</sup> as a result of the COVID-19 emergency.

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<sup>9</sup> A business shall be deemed to have reduced operational capacity if, during the emergency period, the governor or mayor ordered that the business either remain closed or operate exclusively on a take-out or drive-thru basis.

## (b) For owner-user claimants:

- Sign all applicable attestations required including Demonstrated Financial Hardship<sup>10</sup> for owner-users and/or other documents as reasonably required by this program
- evidence that the claimant is current on all Real Property Taxes;
- evidence that the owner-user claimant is registered with the Hawaii DCCA and is in good standing.
- Entity must be U.S. owned (created & formed in the U.S. under U.S. laws,  $\geq 51\%$  U.S. ownership)
- Proceeds benefit domestic operations

The City will implement checks such that should property owners fail to fulfill their grant or comply with the requirements, they have to pay it back (with penalty). Additional penalties may be imposed on the amount due if not paid within 60 days from date due. All proceeds returned will be paid into the Emergency Tax Relief Fund. Furthermore, claimants (landlords) certify that no coercion was used to obtain tenants' agreements.

Grant proceeds received shall not be classified as income and subject to GE taxes or state income taxes. Moreover, this Program will not disqualify claimants from being eligible for future Federal relief.

The Emergency Rent Relief Fund will be a continuing fund to be gradually replenished by assessments on businesses after the Hawaii economy recovers from the COVID-19 global pandemic.

**Table: Property Tax Comparison**

	Residential	Commercial	Hotel
Parcel Size	5,000	5,000	5,000
Assessed Value (land/bldg)	\$ 1,000,000	\$ 2,500,000	\$10,000,000
Property Tax Rate	4.5	12.4	13.9
Property Tax (annual)	\$ 4,500	\$ 31,000	\$ 139,000

Generally, commercial property owners owe on average 7 times the property tax amount owed by residential property owners and pass on 100% of the property tax bill along with other expenses to tenants. Non-essential, small business tenants have little to no revenue and most have no savings but are still obligated per Lease Agreements to pay the property owner's expenses. Some property owners are offering tenants rent deferral. Deferring rent may help for a little while, but is only a band-aid approach that creates a higher future rent obligation for tenants. If the economic recovery is long and slow, small business tenants will be financially unsustainable in the future. Thousands of businesses may be forced to close permanently, keeping tens of thousands

<sup>10</sup> "Demonstrable Financial Hardship" means Tenants would sign a form to certify they have demonstrable financial hardship and provide financials demonstrating decreased gross revenues for the 2 month period of April to May 2020 (as compared to the same period in 2019 and evidenced by April and May G45s in 2019 and 2020)

of residents unemployed. Hotel landowners similarly pay on average 30 times the property tax, and also pass the entire cost of property taxes to small business tenants per their Lease Agreements. These rents were previously justified by high occupancy and pedestrian traffic, which have both dropped to nearly zero.

Property taxes that are passed on from property owners to tenants represent between 5% to 30% of total rent paid by commercial and residential tenants. Six months of property tax forgiveness could equal between 0.3 months to 2.0 months of total rent collection for property owners.

May 12, 2020

Supplement to Legislative Proposal for Occupancy Relief Program  
Frequently Asked Questions

1. Why not a just provide a grant to small businesses?
  - We would support a direct grant to small businesses in conjunction with this program, and let small businesses decide which to apply to (they would only be able to receive one).
  - In addition, there are many benefits to undertaking this use of federal money through landlords:
    - The City will have far fewer contact points, as landlords will be able to consolidate benefits of these funds to their group of small business tenants.
    - Small businesses will not have the burden of undertaking another government application program.
    - Landlords and Tenants will better be able to reach agreement on relief needs and longer-term agreements based upon individual tenant needs and situations.
    - Tenants will be motivated to “raise their hands” if the relief is not being provided as agreed to in the application. Therefore, this will relieve the City from having to overly watchdog the use of funds.
  - Without this program, landlords will still expect tenants to pay them back for deferred rent at some point going forward. Maybe more since a direct grant is yet another program available to small businesses (all of these programs combined still aren’t enough for businesses to make it out over the long-term).
  - Direct grants to tenants won't change behavior. It could be a much more “expensive” program as a result because we're just giving free money without changing behavior.
  - Escapes the intent to incentivize landlords to think creatively about helping tenants survive going forward, and gets everyone on the same side.
  - By landlords being the pass through, they can pass on the benefit of the grant onto tenants so there is a dual benefit and hopefully a more sustainable lease arrangement.
2. Whether it qualifies as a COVID-related expense that can be forgivable?
  - We are working on the assumption that it does – or can be modified to comply. We are presenting a program from the business community and are willing to work with council and administration to ensure it fits the Fed program.
  - We were provided the DBF Responses to CAF Questions signed by Nelson Koyonagi. On p.2c of the attached, “payments from the Fund may only be used to cover costs that...3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020. As such, the Administration is unable to use any of these federal monies to fill in projected funding gaps.”
    - Monies can’t be used to actually reimburse counties for real property taxes to “fill in funding gaps.”
    - The program wouldn’t touch property taxes. Property taxes are only used because (1) they represent a form of rent landlords need to pay counties; and,

(2) it is a way to determine the maximum grant amounts based on different geographic areas and property types

- If invoices need to be provided for the State to receive forgiveness when paying out grants, landlords can provide a 6mo. RPT bill as documentation to substantiate the invoice for the grant amount.

3. Why not include residential?

- Residential Property Taxes have declined over the last 50 years compared to other States and are not as burdensome as Commercial/Resort Property Taxes.
- Appleseed survey shows 80-90% of low-income renters in April paid rent. Banks have mortgage forbearance programs for residential mortgage holders.
- Due to Federal unemployment assistance through July 31, Appleseed is working on a plan to help renters with rental assistance from August 1.
- When you break it down, this plan is focused on April rent assistance for commercial business owners.
- Could cause some to question who is getting helped by this effort, as it will be hard for the City to police the “need” and “hardship” for residential. It would add a significant amount of work to the City in determining who is eligible. Big picture, the proposal feels good for small business intent of keeping jobs and these businesses going. When residential gets added in, it starts to feel messy and opens itself up to additional questions/attack.

4. Why we converted into 100% awarded proportional to total funding during two-week application period from First Come, First-Served, and lottery program

- Allows everyone to benefit. And, will give the City a view of the “universe of need” so that as it moves forward with decisions on how to use fed/state money – including future money – it can have some data on how much to provide to a program like this. It also gives landlords and tenants knowledge that they will all get some relief.

5. Instead of a cap, use the greater of six-months property tax bill or \$10,000 per eligible tenant.

- Since we are using pro rata share of funds, cap isn’t necessary. Property taxes still determine proportional weighting since they are based on assessed values and differ from area and asset class.
- Won’t differentiate for larger tenants so instead assigning a minimum value of a \$10,000 credit per tenant.
- Number of small business tenants is more relevant, to stretch the dollars to target small business tenants.

6. How to determine eligibility?
  - Unnecessary and difficult to collect documentation. Remove unnecessary paperwork.
  - Tenants would sign a form to certify they have demonstrable financial hardship.
  - Generally speaking, the definition is if they had to close all or a portion of their business due to covid-19, including closing a customer or revenue segment. Example are some in the medical field were deemed essential but closed for check-ups or cleanings and could argue financial hardship.
7. Why \$ allocations to tenants are discretionary rather than formulaic:
  - It makes no sense to tie landlords to a formula, rather than let them use their full discretion since they already have full discretion on how to treat the deferred rents that are piling up.
  - The grant amount may cover part of April rent, but won't be enough to cover much more than that. Tenants will need forgiveness and that comes directly from landlords.
8. Why we removed renegotiating leases and lease amendments.
  - Difficult to define what is required to be a sufficient amendment to meet the eligibility of the program.
  - There is very little likelihood that a lease amendment could be negotiated, agreed to, and papered in time to take advantage of the program.
  - Leave it to landlord and tenant to negotiate down the road.
9. How we defined total need for six months of property taxes for qualifying claimants estimated at \$150 million?
  - Total pool of need estimated at \$150 million:
    - Six months of non-residential RPT in 2019 = \$300 million.
    - Businesses with Demonstrable Financial Hardship represent 70% of businesses.
    - Only 75% of those in need may apply.
    - $\$300 \text{ million} * 70\% * 75\% = \$150 \text{ million}$ .
10. How this fits suitably into macro-economic policy
  - There are other solutions to happen concurrently. For example, public funding and available resources should be focused on rebuilding tourism via air transportation, testing, contact tracing, etc. Our Legislative Policy is less than 10% of the State's allocation of \$1.25 billion and doesn't take away from the above needed resources, but still large enough to have the intended effect.
  - Citing the white paper, "What Fiscal Policy is Effective at Zero Interest Rates": (1) "tax cuts can deepen a recession if the short-term nominal interest rate is zero;" and (2) "fiscal policies aimed directly at stimulating aggregate demand work better" ... (than tax cuts aimed directly at stimulating) ... "aggregate supply, such as investment tax credit(s)."
  - Is there really an apples-to-apples comparison of what we are facing today with such severe government-imposed economic restrictions?



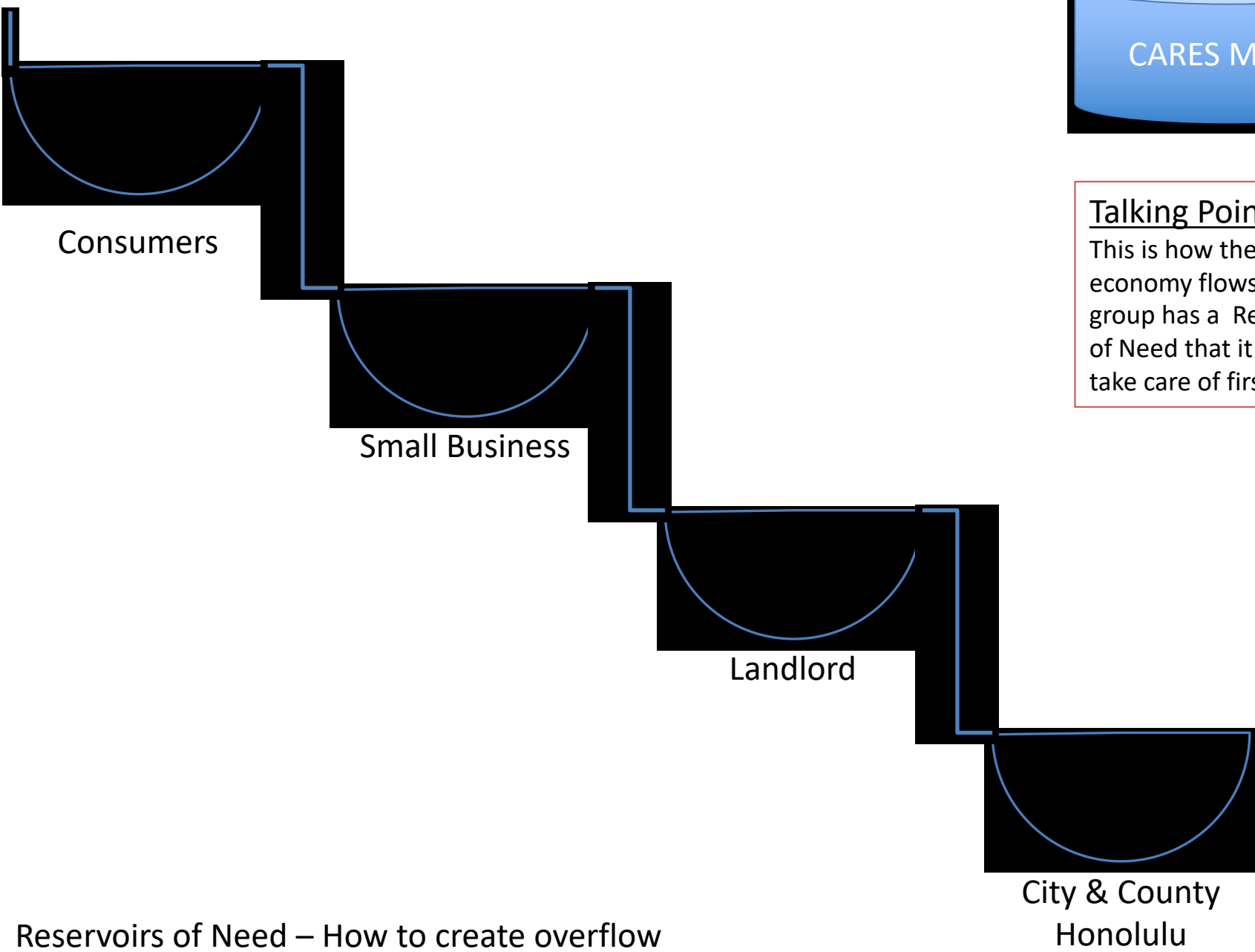
- This program is one small step to open discussion with landlords so they can partner to work together to reopen and move forward. Without help, the burden of the old lease rents are unbearable and will bankrupt both sides.

11. Why we removed most language referring to property tax to ensure it can be forgivable by Federal government as a COVID-related expense. Only kept in property tax language as a way to determine loan amounts and because of what RPT represents as “rent” paid to Counties.

- We don’t want to give the impression that this is a tax cut, because it is not.
- Citing the white paper, “What Fiscal Policy is Effective at Zero Interest Rates”: (1) “tax cuts can deepen a recession if the short-term nominal interest rate is zero.”



Talking Point:  
This is how the economy flows. Every group has a Reservoir of Need that it has to take care of first.

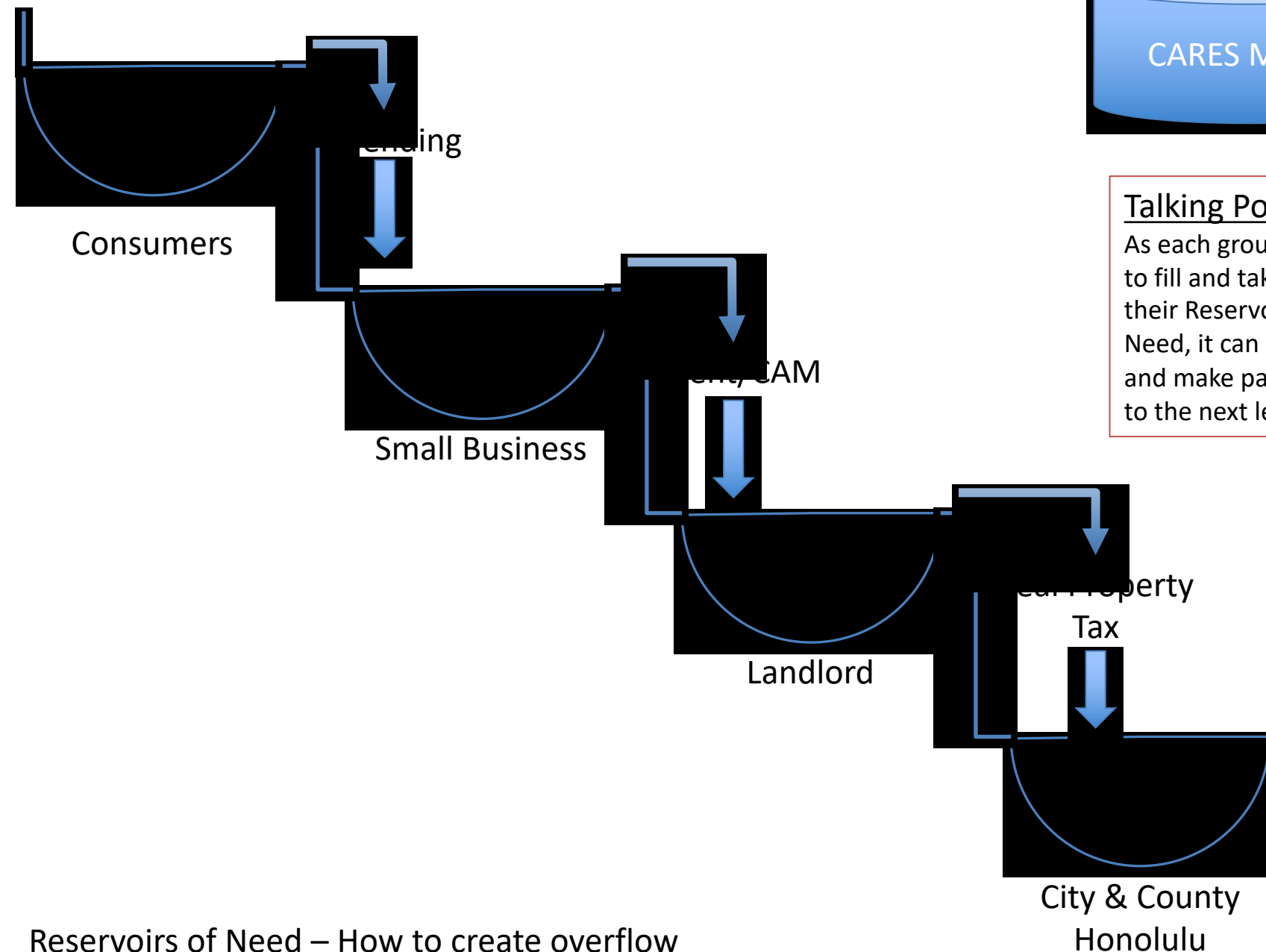


Reservoirs of Need – How to create overflow

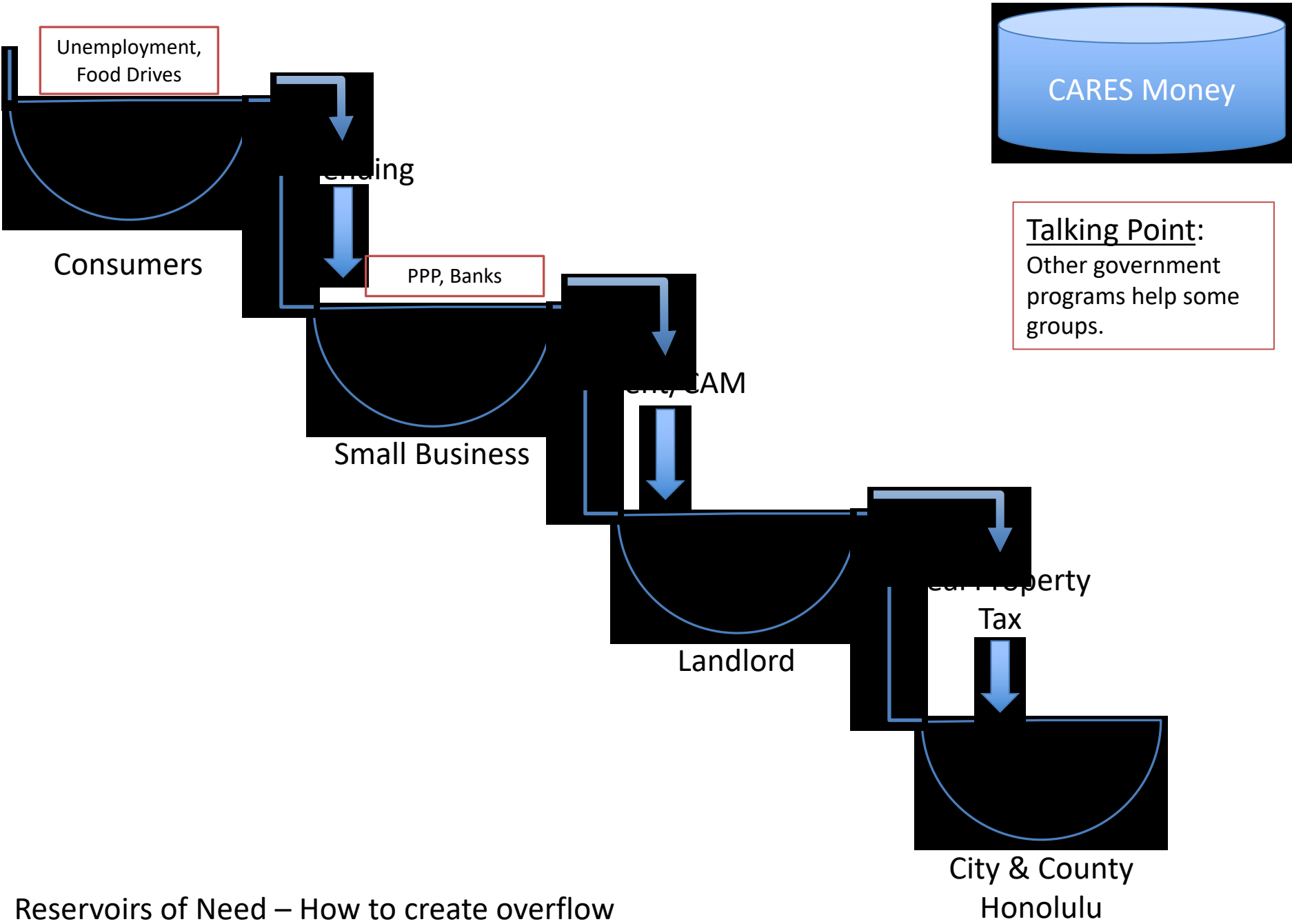


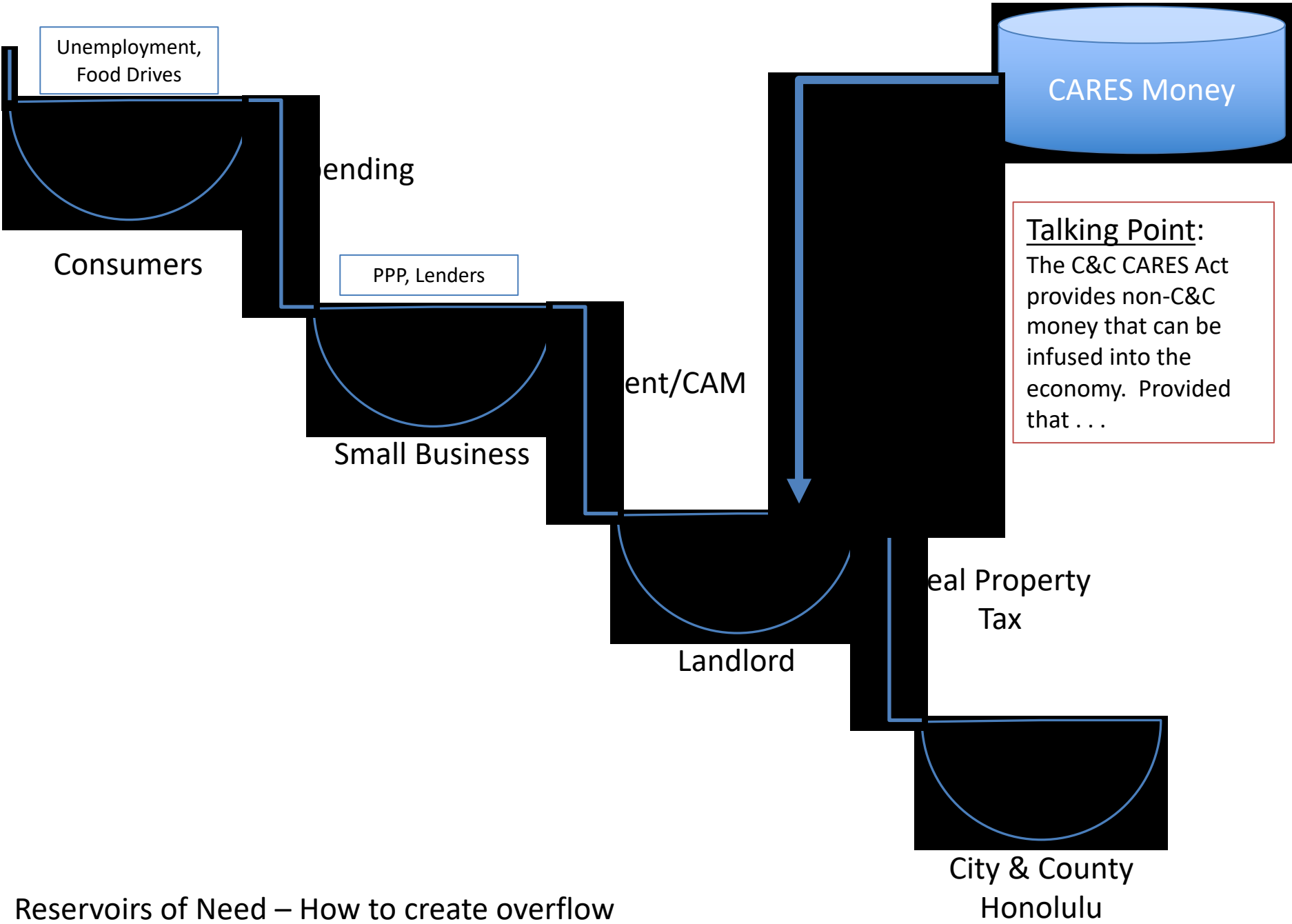
Talking Point:

As each group is able to fill and take care of their Reservoir of Need, it can overflow and make payments to the next level.

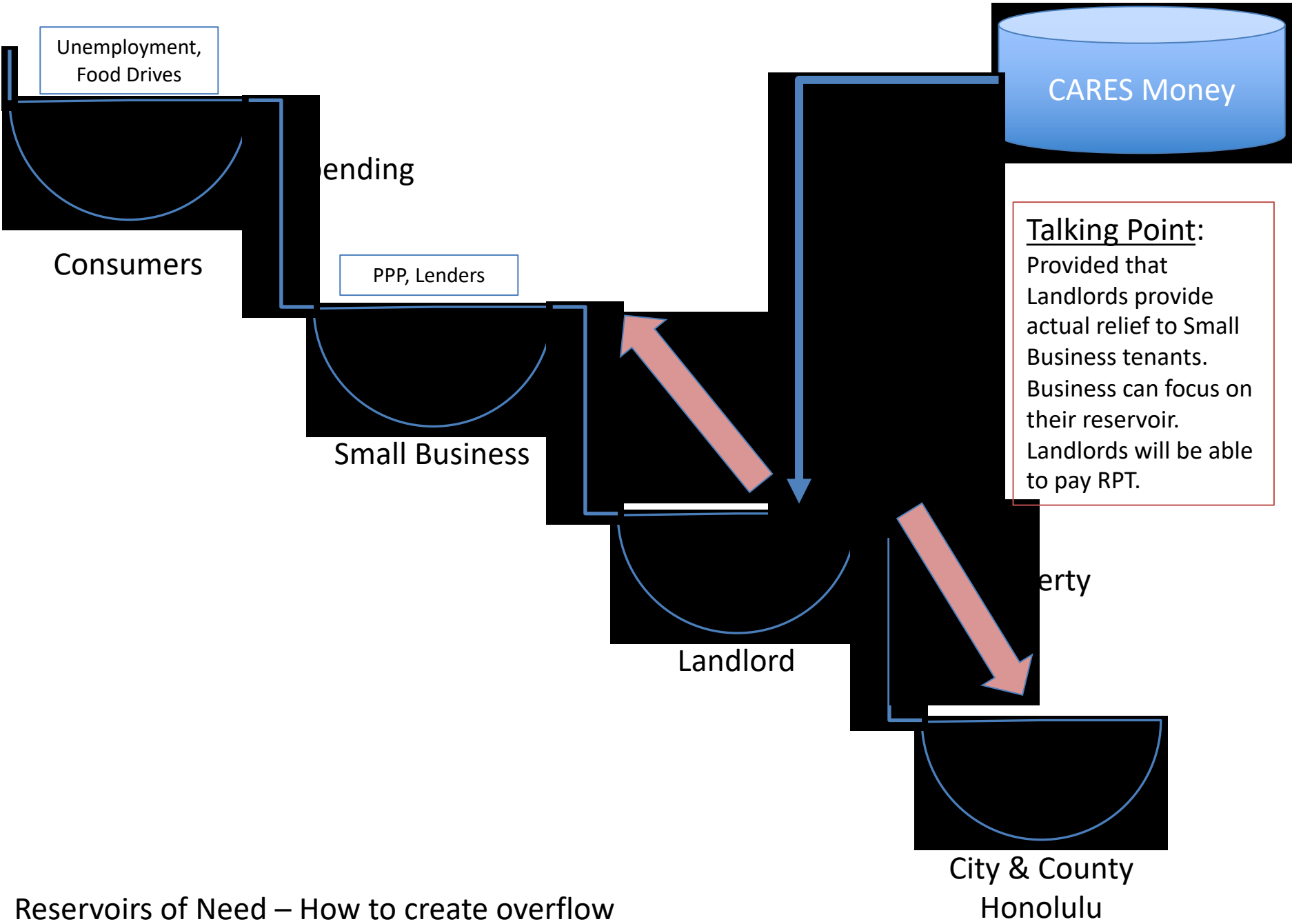


Reservoirs of Need – How to create overflow





Reservoirs of Need – How to create overflow



Reservoirs of Need – How to create overflow

Councilmember Joey Manahan, Chair  
 Councilmember Brand Elefante, Vice Chair  
 Budget Committee – Honolulu City Council

**Monday, May 11, 2020**

### **Support for Legislative Proposal for Occupancy Relief Program**

Dear Chair Manahan, Vice Chair Elefante and members of the Budget Committee:

Thank you for the opportunity to submit testimony. I was born and raised on Oahu, and my consulting company specializes in real estate and corporate finance. My clients include employee-owned companies with diversified land and business holdings.

In collaboration with Councilmember Ann Kobayashi, a broad group of representatives from the business community prepared this Legislative Proposal. Collectively, we firmly believe the Occupancy Relief Program will serve as an essential catalyst that begins to unite small businesses and landlords. While more relief is required, this program is one small step to open discussions with landlords so they can partner, work together to reopen, and move forward. Without help, the burden of old lease rents (based on previous market conditions) during a post-coronavirus economic recovery will become unbearable.

The program is designed to pass rent relief forward. First, the county uses forgivable CARES Act money and offers a grant to landowners in the amount of six-months of property taxes. Next, landowners use their discretion to work with small business tenants on a case-by-case basis. At no actual dollar cost to the County, they are able to give needed relief to landowners and businesses forced to reduce their operational capacity. This program will be the first relief of its kind in the U.S. for landlords, and could serve as landmark policy to assist other States and Counties to prepare joint legislation for future rounds of CARES Act funding.

Singapore can be used as a benchmark for a coronavirus property tax rebate program. The country required high-risk, non-essential businesses to close. During phase one of its property tax rebate program, 30-50% of rent abatement was offered for the month of April 2020. It recently entered its second phase of landlord/tenant relief, offering two full months of total rent abatement in April and May.

We understand the City is working on a proposal to provide grants directly to small businesses. We believe both programs can have a tremendous impact by being offered concurrently. Landlords would be able to apply on behalf of businesses including many that would not otherwise be able to access the direct grant program (e.g., non-English speakers, no computer, no access to news, no relationship with credit unions, etc.). Businesses could instead apply for a direct grant, and choose one or the other.



Small businesses employ most of the private sector, supporting hundreds of thousands of households on Oahu. They drive innovation and are the backbone of our economy. We believe, if rolled out effectively, the Mayor, his administration, and the City Council would be able to foster positive communication and build goodwill between landlords and small business tenants going forward.

Moreover, there is an even more profound and long-term positive impact. On average, small businesses generate \$1.1 million in annual revenue. Using this program, expanded with future funding, and in combination with other innovative policy, if the State of Hawaii could protect up to 20% of the State's 33,000 small businesses from permanently closing, it would save \$325 million in GE taxes annually.

Thank you for the opportunity to submit testimony and for all of your efforts to serve the people of Hawaii as our elected leaders.

Sincerely,

Ryan Tanaka  
President  
Island Business Management, LLC  
[ryan@ibmhawaii.com](mailto:ryan@ibmhawaii.com)



Mayor Kirk Caldwell, City and County of Honolulu  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair  
Committee on Economic Assistance and Revitalization

**May 11, 2020**

**Kyle J. Shelly**  
**kshellfam@gmail.com**

**Support** for Legislative Proposal for Occupancy Relief Program

I am testifying as an individual and in **STRONG SUPPORT** of the Occupancy Relief Program.

Time is off the essence and continued support for Hawaii's businesses is urgently needed to preserve jobs and stem the cascade of small business failures that is at our door step. Many businesses that obtained a PPP Loan to cover rent (in part) will utilize a majority of those proceeds by or before June 30, 2020. As such, additional support is needed.

The Occupancy Relief Program, through a grant funding process, is designed to provide rent relief and/or encourage commercial landlords and tenants to renegotiate lease terms in favor of the tenants. Rent is likely a high fixed cost for many businesses and the Occupancy Relief Program incentivizes landlords, who obtain a grant, to pass on a significant majority of that benefit to such tenants that are experiencing hardship.

Should economic conditions remain weak for a prolonged period, a resetting of lease terms would be a likely outcome due natural supply and demand factors. The Occupancy Relief Program is a catalyst to incentivize and effectuate renegotiated lease terms or offer rent abatement now in the hopes that it preserves those small business tenants through the trough of the recession and initial recovery, that otherwise will not survive.

Thank you for the opportunity to submit testimony and thank you for your service to the people of Hawaii as our elected leaders.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Shelly', with a stylized flourish at the end.

**Kyle J. Shelly**  
[kshellfam@gmail.com](mailto:kshellfam@gmail.com)



May 10, 2020

The Honolulu City Council  
Committee on Economic Assistance and Revitalization  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair

RE: Community Needs re COVID-19 – Use of Federal/State Funds: Small Business  
Occupancy Relief Proposed Program

Aloha Councilmembers,

Thank you for allowing NAIOP Hawaii to submit testimony in **SUPPORT** of the Legislative Proposal for Small Business Occupancy Relief Program. NAIOP Hawaii is the Hawaii chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders and other professionals

Counties continue to collect their property taxes to cover their own essential expenses. Landlords normally pass on property taxes and other costs to tenants per legally binding Lease Agreements. Because tenants, especially small business tenants aren't able to pay rent today, landlords are often offering rent deferral, meaning the deferred rent must be paid in later months. While this helps tenants in the short term, small businesses will continue to struggle with these payments in the foreseeable future – until our entire economy is able to regain significant recovery.

Out of the various governmental relief packages, nothing has come to the commercial property owners, so they have little ability to give relief to their small business tenants, as these commercial property owners must still make their loan payments, payroll, security, maintenance, building upkeep, and other expenses that haven't stopped during this crisis.

Many institutional landlords are deferring rent. Under existing federal programs, if landlords abate rent, small business tenants may not qualify for grants since moneys will not be used for rent, and therefore, landlords could be waiving their right to receive the government funds that would assist both the tenant and the landlord. As the federal

government programs, interpretations and rules continue to evolve day by day, it is difficult for landlords and tenants to determine what is the best outcome.

3-6 months of rent deferral adds up and could increase rent by 25-50% for the next 1-2 years. Small businesses won't be able to afford these higher costs. Hawaii is unique because so much of our economy relies on tourism that may take years to come back. Disposable income has disappeared so locals are not going to be spending money to support local businesses and restaurants as they have in the past. This is not a sustainable proposition and creates a number of problems:

- Tenants can't survive financially and eventually close, all those jobs go away and the space then sits vacant for 12-18 months or longer;
- Landlords then hire attorneys to collect back rent, creating an expensive legal problem that passes to the judicial system; and
- Many of these business owners, who had no control over any of this, eventually file for bankruptcy and then need to wait seven years to start all over and some may never recover.

On the flip side, landlords with commercial tenants don't want to lose tenants. They know if they start evicting they'll be left with empty spaces for sustained periods. Some landlords may bend over backwards for tenants. That still puts a lot of pressure on landlords. These non-essential small businesses need help, some type of catalyst, to work out new terms with their landlord and foster positive dialogue.

Upon our review, we support the Small Business Occupancy Relief Program to earmark a portion of the CARES Act funding for the purpose of an Occupancy Relief Program to provide emergency occupancy assistance for businesses affected by the 2020 coronavirus pandemic by preserving their physical occupancy through a grant paid to commercial property owners (claimants). The Occupancy Relief Program would be established to promote goodwill and encourage claimants to provide rent abatement and new lease terms with their tenants. Importantly, we note that this is an opportunity for the City & County to provide significant help to small business tenants, while reducing the risk of non-payment of RPT by commercial landlords who face financial stress caused by COVID-19. We understand the proposed program as follows:

- In the application, claimant identifies the amount requested (for example, not to exceed the lesser of six months of real property tax, \$250,000, or Demonstrated Financial Hardship for owner-users), and the specific plan on how that money will be used. For example, asking for \$100,000 with a worksheet attachment that shows the XX eligible tenants and how much each will be allocated, and checking off how that pass through will happen (rent abatement, CAM credit, etc.). The landlord signs to attest that they are in good standing, current on real

property taxes, etc., and will use the money as laid out in the worksheet. Small Business Tenants sign to attest to the preliminary agreement with the landlord on how the relief is being allocated to each tenant. Real property taxes is being used as a standard for what applicants can qualify for.

- The grant application must be filed by a certain date. All valid applications meeting specified requirements will receive conditional approval for their proportional share of total need. For example, if the Emergency Rent Relief Fund has \$100 million, and the total need from applications conditionally approved is \$150 million, each applicant who is conditionally approved will received 2/3 of their grant request. Applications that come in after the deadline will be pooled for a Second Round of funding depending on whether conditionally approved claimants decide, for whatever reason, not to receive their grant.
- The City can implement checks to confirm fulfillment of the tenant relief provided for in their application. Additionally, tenants can report any non-compliance. Should a property owner fail to fulfill their grant or comply with the requirements, they have to pay it back (with penalty). Claimants certify that no coercion was used to obtain tenants' agreements. Additionally, tenants certify they were not coerced into the renegotiated terms.
- All proceeds (i.e. any loan repayments and interest thereon) from loans that are not forgiven (as described below) will be paid into the Emergency Tax Relief Fund. [I don't think we want to advocate for a business tax to replenish this fund. Our position should be that when the need arises, this vehicle will be available for Federal/State funds for this purpose – just as is being done now.]
- There are many benefits to undertaking this use of federal money through landlords as opposed to individual small businesses:
  - The City will have few contact points, as landlords will be able to consolidate benefits of these funds to their group of small business tenants.
  - Small businesses will not have the burden of undertaking another government application program.
  - Landlords and Tenants will better be able to reach agreement on relief needs and longer term agreements based upon individual tenant needs and situation.
  - Tenants will be motivated to “raise their hands” if the relief is not being provided as agreed to in the application. Therefore, this will relieve the City from having to heavily monitor the use of funds.

Committee on Economic Assistance  
and Revitalization  
May 10, 2020

Counties need their real property tax revenue. This program helps assure the City & County with a higher likelihood of collecting those taxes through the use of Federally funded CARES Act money.

PPP/EIDL/etc. aren't enough for small businesses. These programs are to keep businesses in business and reduce the burden on small business tenants. Last recession we lost 1,600 businesses, this recession could be 4-5 times worse if we are not proactive. By saving 3,000 small businesses, that's over \$150 million in annual GE tax revenue to the State. The program may only cost \$100 million, but would help 100% of businesses with Demonstrable Financial Hardship and would make back over \$1.5 billion in GE tax revenue over the next ten years

For these reasons we are in full support of the proposed occupancy relief program and urge you to as well.

Mahalo,

Catherine Camp, President  
NAIOP Hawaii



Testimony of  
Mufi Hannemann  
President & CEO  
Hawai'i Lodging & Tourism Association

**Honolulu City Council  
Committee on Budget**  
Proposed Occupancy Relief Program for Landowners and Tenants

May 12, 2020

Dear Chair Manahan and members of the Budget Committee, mahalo for the opportunity to submit testimony on behalf of the Hawai'i Lodging & Tourism Association, the state's largest private sector visitor industry organization.

The Hawai'i Lodging & Tourism Association—nearly 700 members strong, representing more than 50,000 hotel rooms and nearly 40,000 lodging workers — represents an industry that has been disproportionately impacted by a public health crisis that has affected the lives and livelihoods of innumerable Hawai'i residents and stands to negatively impact the lives of many more for years to come. **Our association supports the establishment of the occupancy relief program proposed by Mr. Ryan Tanaka, co-owner of Giovanni Pastrami.**

Our local tourism economy, which is among the strongest and most consistent economic drivers statewide, is in the midst of an industry-wide economic downturn that is unprecedented. According to the U.S. Travel Association's impact analysis, our industry can expect a 45% decline in revenue for the year and losses that are projected to total more than \$500 billion. These losses will far exceed those found in any other economic sector and will have an impact that is nine times greater than what was felt as a result of the September 11 terror attacks. Here in Hawai'i, where we are perhaps more dependent on tourism than any other locale in the nation, our people are hurting, and careful, deliberate action will be required to see us through this time of crisis.

As it stands, Hawai'i's unemployment rate has surged from roughly 3% to an estimated 34%, the highest rate nationwide. It has also become clear that, by the end of the year, depending on when the quarantine is lifted and health and safety standards have been approved, hotels will be fortunate to be between 30% to 40% occupancy levels. This means that the majority of the roughly 250,000 people who depend on the industry for their livelihood will still be unemployed.

One of the critical factors to a successful recovery will be our ability to put Honolulu residents back to work in a timely fashion which is key to reviving local businesses. The proposed occupancy relief program will provide land owners and landlords the ability to extend a level of financial flexibility to small business owners who, in turn, will be able to restore their operations and hire back staff at the outset, rather than being forced to wait for revenues streams to begin to flow again. This program, which will utilize federal relief funds made possible through the CARES Act, is a wise investment in the future health and stability of our local economy.

For this reason, HLTA supports the proposed measure and encourages the Council to address it expediently.

Mahalo for the opportunity to provide this testimony.



Chamber of Commerce HAWAII  
*The Voice of Business*

**Testimony to the City & County of Honolulu City Council  
Committee on Budget Special Meeting  
Tuesday, May 12, 2020 at 9:00 A.M.  
City Council Chamber, Honolulu Hale**

**RE: HONOLULU CITY COUNCIL BILL 41 (2020), RELATING TO REAL  
PROPERTY TAXATION**

Chair Manahan, Vice Chair Elefantei, and Members of the Committee:

Thank you for the opportunity to provide testimony relating to the discussion of City Council Bill 41 (2020). The Chamber of Commerce Hawaii ("The Chamber") **supports** legislation that will provide relief of property tax for businesses that have been financially impacted as a result of the ongoing COVID-19 pandemic.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

More than 200,000 workers have lost their jobs due to the ongoing COVID-19 pandemic and Hawaii businesses have lost significant income as a result of shelter-in-place mandates that have been implemented to prevent the spread of this disease. We have heard from businesses who are concerned that current federal assistance such as the Paycheck Protection Program or Economic Injury Disaster Loans are just not enough for businesses to survive the pandemic. More needs to be done to help support our businesses through this trying time.

One such way to support businesses is through the proposed Occupancy Relief Program. While there have been numerous relief packages, there hasn't really been much relief for commercial property owners, and therefore they don't have much flexibility or incentives to help provide relief to their small business tenants. This proposal would be able to provide a parallel, federally funded program through the CARES Act, and help to promote goodwill and encourage claimants to provide abatement and new lease terms with their tenants.

The Chamber continues to stand ready to help and engage with the City and Council to find ways that we can help support our local small businesses and help everyone through the current pandemic.



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Testimony of  
Sheryl Matsuoka  
Executive Director  
Hawaii Restaurant Association

May 11, 2020

Mayor Kirk Caldwell, City and County of Honolulu  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair  
Committee on Economic Assistance and Revitalization

**Support for Legislative Proposal for Occupancy Relief Program**

Counties continue to collect their property taxes because they must to cover their own essential expenses. Landlords normally pass on property taxes and other costs to tenants per legally binding Lease Agreements, so Landlords see property taxes among other costs as tenant's responsibility. Because tenants can't pay rent, landlords are paying it for them but only as a loan in the form of rent deferral to be paid back.

Out of the various relief packages, nothing has come to the commercial property owners, so they have no incentive to give relief to their small business tenants. People are already two months behind on rent (April and May), and small businesses can't expect that landlords are going to offer abatement out of the goodness of their hearts.

Most institutional landlords are deferring rent. If the federal government creates additional programs and if landlords abate rent, landlords could be waiving their right to collect on government funds. Therefore, everyone is kicking the can down the road. Part of the rationale is that tenants are able to obtain government funds like PPP and EIDL loans to help pay for operating expenses which could include rent. In addition, COVID-19 happened so quickly and tenants were asking landlords for rent relief, but landlords did not want to make hasty decisions.







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3-6 months of rent deferral adds up and could increase rent by 25-50% for the next 1-2 years. Small businesses won't be able to afford these higher costs. Hawaii is unique because so much of our economy relies on tourism that may take years to come back. Disposable income has disappeared, so locals are not going to be spending money to support local businesses and restaurants as they have in the past. This is not a sustainable proposition and creates a number of problems:

- Tenants can't survive financially and eventually close, all those jobs go away and the space then sits vacant for 12-18 months or longer,
- Landlords then hire attorneys to collect back rent, creating an expensive legal problem that passes to the judicial system; and,
- Many of these business owners, who had no control over any of this, eventually file for bankruptcy and then need to wait seven years to start all over and some may never recover.

On the flip side, landlords with commercial tenants don't want to lose tenants. They know if they start evicting, they'll be left with empty spaces for sustained periods. Some landlords may bend over backwards for tenants. That still puts a lot of pressure on landlords and not all will be willing to support these businesses down the road. These non-essential small businesses need help, some type of catalyst, to work out new terms with their landlord and foster positive dialogue.

We propose to earmark a portion of the CARES Act funding for the purpose of an Occupancy Relief Program to provide emergency occupancy assistance for businesses affected by the 2020 coronavirus pandemic by preserving their physical occupancy through a grant paid to commercial property owners (claimants). The Occupancy Relief Program would be established to promote goodwill and encourage claimants to provide rent abatement and new lease terms with their tenants.

- In the application, claimant identifies the amount requested (for example, not to exceed the lesser of six months of real property tax, \$250,000, or Demonstrated Financial Hardship for owner-users), and the specific plan on how that money will be used. For example, asking for \$100,000 with a worksheet attachment that shows the XX eligible tenants and how much each will be allocated, and checking off how that pass through will happen (rent abatement, CAM credit, etc.). The landlord signs to attest that they are in good standing, current on real property taxes, etc., and will use the money as laid out in the worksheet. Real property taxes are being used as a standard for what applicants can qualify for.

- The grant application must be filed by [REDACTED], 2020. The City accepts all of these applications over a (??) week period and then awards 100% of conditionally approved applicants receiving their proportional share of total need. For example, if the Emergency Rent Relief Fund has \$100 million, and the total need from applications conditionally approved is \$150 million, each applicant who is conditionally approved will received 2/3 of their grant request. Applications that come in after the deadline will be pooled for a Second Round of funding depending on whether conditionally approved claimants decide, for whatever reason, not to receive their grant.



The Hawaii Restaurant Association

2909 Waiālae Avenue, #22 Honolulu, Hawaii 96826 Office 808-944-9105 Fax 808-441-5355



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- The City will implement checks such that should property owners fail to fulfill their grant or comply with the requirements, they have to pay it back (with penalty). Claimants certify that no coercion was used to obtain tenants' agreements. Additionally, tenants certify they were not coerced into the renegotiated terms. Lease Agreements should be renegotiated as a condition for public support. Grants that fail to comply will convert to a loan, will have a maturity date of "December 1, 2020?", and shall accrue interest at a rate of 7% per annum from the date the proceeds are disbursed. No payments shall be due on the loan prior to the maturity date.
- All proceeds (i.e. any loan repayments and interest thereon) from loans that are not forgiven (as described below) will be paid into the Emergency Tax Relief Fund. The Emergency Rent Relief Fund will be a continuing fund to be gradually replenished by assessments on businesses after the Hawaii economy recovers from the COVID-19 global pandemic.

Counties are treating property taxes like a sacred cow, which they are, because they pay the County's salaries and essential expenses. This concept would not touch their sacred cow. It would create a parallel program, federally funded through the CARES Act, because the CARES money coming to the State of Hawaii can only be spent on new programs. Because Counties would "return", say 6 months of property taxes through this Federally funded program, if rolled out effectively, landlords may ease up on small business tenants if the State led a conversation and encouraged landlords to ease up by offering property tax abatement for the next, say 6 months. We are the Aloha State, so legislatures would be leading by example with a compassionate solution. They would offer grants in the amount of six months of real property tax to those who apply and qualify, while also encouraging landlords to work out new and favorable terms with tenants. This is an opportunity for the Mayor and City Council to be a thought leader for the country and what everyone is facing. These types of solutions are inevitable, so other States could band together and make a request for additional relief in CARES Act 2.

PPP/EIDL/etc. aren't enough for small businesses. These programs are to keep businesses in business and reduce the burden on small business tenants. Last recession we lost 1,600 businesses; this recession could be 4-5 times worse if we are not proactive. By saving 3,000 small businesses, that's over \$150 million in annual GE tax revenue to the State. The program may only cost \$100 million, but would help 100% of businesses with Demonstrable Financial Hardship and would make back over \$1.5 billion in GE tax revenue over the next ten years

100% of applications would receive a proportional share of the total pool of need. For example, if the Emergency Rent Relief Fund has \$100 million, and the total need from applications conditionally approved is \$150 million, each applicant who is conditionally approved will received 2/3 of their grant request. Applications that come in after the deadline will be pooled for a Second Round of funding depending on whether conditionally approved claimants decide, for whatever reason, not to receive their grant.





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Total pool of need estimated at \$105 million. Six months of non-residential RPT in 2019 = \$300 million. Capping properties at \$250,000 (200 properties reduced by \$500,000) reduces pool by \$100 million. Businesses with Demonstrable Financial Hardship may represent 70% of businesses. Only 75% of those in need may apply.  $(\$300 \text{ million} - \$100 \text{ million}) * 70\% * 75\% = \$105 \text{ million}$ .

Funding at \$105 million would cover 100% of total need and serve 100% of small businesses with Demonstrable Financial Hardship.

Our Hawaii businesses need this program and for these reasons, Hawaii Restaurant Association supports the proposed occupancy relief program and we strongly urge you to as well.

Mahalo,

Sheryl Matsuoka  
Executive Director

Hawaii Restaurant Association  
2909 Waialae Ave #22  
Honolulu, HI 96826

[sheryl@hawaiirestaurant.org](mailto:sheryl@hawaiirestaurant.org)



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Councilmember Tommy Waters  
Chair, Committee on Economic Assistance  
And Revitalization

**RE: DISCUSSION ON COMMUNITY NEEDS RELATED TO THE COVID-19 PANDEMIC AND THE  
USE OF FEDERAL AND STATE FUNDING RECEIVED BY THE CITY TO ADDRESS THE COVID-19  
PANDEMIC**

Chair Waters:

My name is Linda Wong and along with my son, own a small commercially zoned parcel on Piikoi and Waimanu Street. At the present time we have 17 small business tenants who were forced to close their businesses on March 20. Even before the government shutdown, I know many of these small businesses were having a difficult time financially. We realized that our tenants had no means of generating any income and waived the April rent. In spite of this, two long time tenants decided they needed to permanently close their businesses.

As landowners, we're faced with fixed costs and one of the biggest is our Real Property Tax.

One of the proposals before you calls for using \$100 Million of Covid-19 funds, that would allow the city to continue collecting their real property taxes, while giving landowners and their tenants who were severely affected by the Covid-19 mandated shutdown, much needed relief.

As stated in the proposal, during the last recession from 2008 to 2010, Hawaii lost a cumulative 38,000 jobs and had a net loss of over 1,600 small businesses. It took 7 years to eventually recover. THE CITY HAS A CHANCE TO PREVENT A SIMILAR OCCURRENCE. BY USING COVID 19 Funds for the OCCUPANCY RELIEF PROGRAM FOR LANDOWNERS AND TENANTS, THE CITY WOULD BE HELPING TO PREVENT THE LOSS OF THOUSANDS OF SMALL BUSINESSES AS WELL AS THE THOUSANDS OF JOBS THAT WOULD BE LOST.

We would urge you and your committee to seriously consider the proposal before you.

Aloha,





# KAHALA MALL

KAHALAMALLCENTER.COM

May 11, 2020

The Honorable City Council  
Committee on Economic Development  
Councilmember Tommy  
Councilmember Ann K

RE: Community Needs Committee Request for Federal/State Funds: Small Business Occupancy Relief  
Proposed Program

Dear Council

Over the last 50 years, Kahala Mall has been the heart of the East Oahu community through good times and bad. We own and lease retail and office property in East Oahu with over 460,000 square feet of leasable area and home to approximately 155 tenants, many of which are local small businesses. We are writing to express our **SUPPORT** for the Legislative Proposal for Small Business Occupancy Relief Program.

The current COVID-19 pandemic is the most significant challenge that we have encountered in the property's history. Many merchants have closed in compliance with the stay at home orders imposed by the Mayor and Governor and are struggling to keep their businesses alive. The Proposal for Small Business Occupancy Relief is a great program and an efficient method of disbursing funds to businesses that require assistance.

Some tenants apply for assistance including the PPP Loan or the Economic Injury Disaster Loan, however, many are unable to do so because they did not qualify, or those funds are simply not enough to keep their businesses afloat. The Small Business Occupancy Relief Program will provide an additional source of funds for tenants to continue their operations.

Kahal Mall strongly supports the Small Business Occupancy Relief Program, and we urge the Honolulu City Council and Mayor Caldwell to adopt this program.

Sincerely,  
Kahala Mall

*Mark Babin*

MMI Realty Services, Inc., Agent



May 11, 2020

The Honolulu City Council  
Committee on Economic Assistance and Revitalization  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair

RE: Community Needs re COVID-19 – Use of Federal/State Funds: Small Business Occupancy Relief Proposed Program

Dear Councilmembers:

MMI Realty Services, Inc. is a commercial real estate property management and leasing firm that manages approximately 3 million square feet of commercial space over 18 properties which include many local small businesses. We are writing to show our **SUPPORT** for the Legislative Proposal for Small Business Occupancy Relief Program.

This fresh, out of the box idea is exactly the type of program that is needed to support our local economy, small businesses and employees. Many of our tenants have been negatively impacted by COVID-19 and have requested and been granted rent relief. Generally, most of our properties have offered programs to defer rent payments for several months by allowing tenants to repay missed rent over a specified amount of time. Because properties continue to have obligations including payment of property taxes, insurance, security and other maintenance costs, many property owners are not able to provide rent relief. Using Federal CARES Act Funds to provide support to tenants would provide a lifeline to many tenants.

Please allow me to reiterate MMI Realty Services' strong support for the Small Business Occupancy Relief Program, and we urge the Honolulu City Council and Mayor Caldwell to adopt this program.

Sincerely,  
MMI Realty Services, Inc.

*Mark Babin*  
Mark Babin  
President

Mayor Kirk Caldwell, City and County of Honolulu  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair  
Committee on Economic Assistance and Revitalization

May 9, 2020

Blair Suzuki  
blair.sm.suzuki@gmail.com

**Support** for Legislative Proposal for Occupancy Relief Program

Please support the proposal for Occupancy Relief Program. If the city does not take quick action to help provide relief to businesses, the majority of small businesses on O‘ahu will be forced to close. This will significantly hinder our island from recovering from the economic disaster of the COVID-19 pandemic.

99% of businesses in Hawai‘i are small businesses. Small businesses provide the economic engine needed to employ our residents and provide for GE and property tax payment to the city. Directing CARES Act funding to help our small businesses from closing. It will take us significantly longer as a community to recover economically if we allow these businesses to close because they cannot pay their rent.

To date, nothing has come to the commercial property owners in way of COVID-19 relief, so they have no incentive to give relief to their small business tenants. People are already two months behind on rent (April and May), and small businesses can’t expect that landlords are going to offer abatement out of the goodness of their hearts.

I support the Occupancy Relief Program in that it would provide funding of \$105 million. This would cover 100% of total estimated small business need and serve 100% of small businesses with Demonstrable Financial Hardship. It also establishes a recurring fund to help plan for future economic uncertainties that small businesses may face.

Please support this proposal. We need to act as a community and provide solutions so we can recover from the COVID-19 pandemic.

Mahalo,

A handwritten signature in black ink, appearing to be 'BS' followed by a long horizontal stroke.

Blair Suzuki

Operations Manager, Otis Elevator Company

Mayor Kirk Caldwell, City and County of Honolulu  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair  
Committee on Economic Assistance and Revitalization

**May 10, 2020**

**Brenton Wong**  
**brenton.h.wong@gmail.com**

### **Support for Legislative Proposal for Occupancy Relief Program**

My name is Brenton Wong and I am a dental consultant here in Hawaii. I work with over 700 active practicing Dentists in the state.

This bill was brought to my attention as it could have an impact on several dental providers here in the state.

Before COVID-19, the dental community was looking at a transition of many of the providers due to retirement and not enough new providers to fulfill the void that would be left by the retirees. The response to COVID-19 has a potential to expedite this process.

Should this process ramp up, there is a potential for a lack of providers to provide dental healthcare for the state of Hawaii. This will inevitably impact the health of Hawaii's community.

Through the mandatory shut down, the dental industry was impacted by the government response to COVID-19. Many dental practitioners were relegated to seeing only emergency patients in the motivation of flattening the curve. This took a personal toll on many small businesses. As many dental providers took a personal toll to keep their doors open, this pandemic required additional measures that need to be taken to re-open their doors. Some of which are personal protective equipment and air purification systems to help patients feel safe in their offices.

Many providers are more than willing to be out of the personal costs but, should they have to? Government intervention prevented many of these successful small businesses from providing care to the community and government intervention should help to reestablish the financial position of these critical care businesses.

This bill represents an additional relief package for many dental providers as the current federal aid does not cover the losses incurred during the shutdown. Without this bill many providers will be put in an unenviable position of choosing between caring for patients or personal survival.

I do not speak for the dental community, only as a concerned citizen. These small businesses will have to bear an undue burden due to this pandemic. This burden will necessitate some hard choices in the future. I support this bill as it has the ability to help these dental practices.



Mayor Kirk Caldwell, City and County of Honolulu  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair  
Committee on Economic Assistance and Revitalization

May 10, 2020

Clayton Kim  
ckimnc@gmail.com

### **Support** for Legislative Proposal for Occupancy Relief Program

Counties continue to collect their property taxes because they must to cover their own essential expenses. Landlords normally pass on property taxes and other costs to tenants per legally binding Lease Agreements, so Landlords see property taxes among other costs as tenant's responsibility. Because tenants can't pay rent, landlords are paying it for them but only as a loan in the form of rent deferral to be paid back.

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3-6 months of rent deferral adds up and could increase rent by 25-50% for the next 1-2 years. Small businesses won't be able to afford these higher costs. Hawaii is unique because so much of our economy relies on tourism that may take years to come back. Disposable income has disappeared so locals are not going to be spending money to support local businesses and restaurants as they have in the past. This is not a sustainable proposition and creates a number of problems:

- Tenants can't survive financially and eventually close, all those jobs go away and the space then sits vacant for 12-18 months or longer,
- Landlords then hire attorneys to collect back rent, creating an expensive legal problem that passes to the judicial system; and,
- Many of these business owners, who had no control over any of this, eventually file for bankruptcy and then need to wait seven years to start all over and some may never recover.

On the flip side, landlords with commercial tenants don't want to lose tenants. They know if they start evicting they'll be left with empty spaces for sustained periods. Some landlords may

bend over backwards for tenants. That still puts a lot of pressure on landlords and not all will be willing to support these businesses down the road. These non-essential small businesses need help, some type of catalyst, to work out new terms with their landlord and foster positive dialogue.

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- In the application, claimant identifies the amount requested (for example, not to exceed the lesser of six months of real property tax, \$250,000, or Demonstrated Financial Hardship for owner-users), and the specific plan on how that money will be used. For example, asking for \$100,000 with a worksheet attachment that shows the XX eligible tenants and how much each will be allocated, and checking off how that pass through will happen (rent abatement, CAM credit, etc.). The landlord signs to attest that they are in good standing, current on real property taxes, etc., and will use the money as laid out in the worksheet. Real property taxes is being used as a standard for what applicants can qualify for.
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- The City will implement checks such that should property owners fail to fulfill their grant or comply with the requirements, they have to pay it back (with penalty). Claimants certify that no coercion was used to obtain tenants' agreements. Additionally, tenants certify they were not coerced into the renegotiated terms. Lease Agreements should be renegotiated as a condition for public support. Grants that fail to comply will convert to a loan, will have a maturity date of "December 1, 2020?", and shall accrue interest at a rate of 7% per annum from the date the proceeds are disbursed. No payments shall be due on the loan prior to the maturity date.
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Counties are treating property taxes like a sacred cow, which they are, because they pay the County's salaries and essential expenses. This concept would not touch their sacred cow. It would create a parallel program, Federally funded through the CARES Act, because the CARES money coming to the State of Hawaii can only be spent on new programs. Because Counties would "return", say 6 months of property taxes through this Federally funded program, if rolled out effectively, landlords may ease up on small business tenants if the State led a conversation and encouraged landlords to ease up by offering property tax abatement for the next, say 6 months. We

are the Aloha State, so legislatures would be leading by example with a compassionate solution. They would offer grants in the amount of six months of real property tax to those who apply and qualify, while also encouraging landlords to work out new and favorable terms with tenants. This is an opportunity for the Mayor and City Council to be a thought leader for the country and what everyone is facing. These types of solutions are inevitable, so other States could band together and make a request for additional relief in CARES Act 2.

PPP/EIDL/etc. aren't enough for small businesses. These programs are to keep businesses in business and reduce the burden on small business tenants. Last recession we lost 1,600 businesses, this recession could be 4-5 times worse if we are not proactive. By saving 3,000 small businesses, that's over \$150 million in annual GE tax revenue to the State. The program may only cost \$100 million, but would help 100% of businesses with Demonstrable Financial Hardship and would make back over \$1.5 billion in GE tax revenue over the next ten years

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Funding at \$105 million would cover 100% of total need and serve 100% of small businesses with Demonstrable Financial Hardship.

Thank you for your attention to this.

Clayton Kim

President

Nice Cream LLC



Mayor Kirk Caldwell, City and County of Honolulu  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair  
Committee on Economic Assistance and Revitalization

**May 11, 2020**

Troy Terorotua  
troy@realgastropub.com

**Support for Legislative Proposal for Occupancy Relief Program**

**OCCUPANCY RELIEF PROGRAM**

We are owners of two restaurants in Honolulu that closed on March 18, 2020 due to COVID-19. Needless to say, there have been many sleepless nights worrying about our future. As our businesses have a small profit margin, it will take months to financially recover.

The large cost is rent. One of our landlords is not providing rent abatement and instead sent an invoice for rent. The other landlord is also expecting back rent even if we have not been opened.

Although we received PPP, we had to decline it because our employees prefer to stay on unemployment because of the Federal Pandemic Unemployment Compensation of \$600.00 per week.

We are in desperate need from the OCCUPANCY RELIEF PROGRAM and hope that you will provide assistance to our businesses.

Sincerely,  
Troy Terorotua  
Owner  
troy@realgastropub.com

**BREW'd craft pub**  
3441 Waialae Avenue  
Honolulu, HI 96816

**REAL gastropub/Bent Tail Brewing Company**  
506 Keawe Street  
Honolulu, HI 96813

Mayor Kirk Caldwell, City and County of Honolulu  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair  
Committee on Economic Assistance and Revitalization

May 10, 2020

Rylen Yamamoto  
Ryamamoto@rbgadvisors.com

### **Support for Legislative Proposal for Occupancy Relief Program**

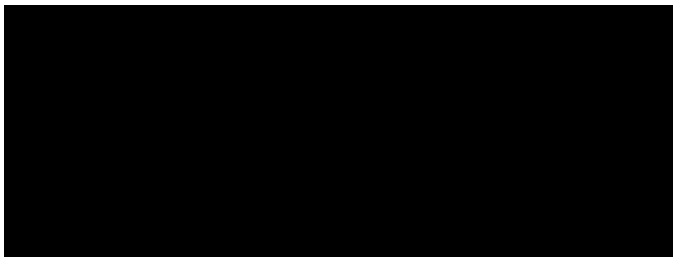
I am Rylen Yamamoto, Retirement Plan Consultant, supporting retirement benefits of Hawaii's workforce. Please consider supporting the Occupancy Relief Program to demonstrate your commitment of a successful, and sustainable return for Hawaii's small businesses due to the negative financial impacts of COVID-19 restrictions.

Programs like the PPP/EIDL/Etc aren't enough for small businesses to survive, as evident by the increasing number of business calling it quits. Current programs focus on rent deferrals that quickly add up and could increase future rent by 25-50% over the next 1-2 years. Small business won't be able to afford the higher costs, especially since Hawaii's economy relies on the heavily impacted tourism industry.

Counties have historically left property taxes untouched because it supports the majority of essential operating expenses. This program ensures property taxes remain untapped by creating a parallel program to the Federally funded CARES Act as it requires the State of Hawaii to invest in new programs. For example, counties would "return" 6 months of property taxes through this Federally funded program, encouraging landlords to ease up on small business tenants in exchange for property tax abatement for the next 6 months. The state would then offer forgivable grants to landowner applicants, equivalent to the amount of six months real property tax. In order to qualify, landowners are required to provide documented new and favorable terms with existing tenants within 45 days of approval.

Please support the Occupancy Relief Program. Hawaii is a fragile and unique community requiring the supports of it's thought leaders through innovative programs.

Kind regards,



Rylen Yamamoto

Mayor Kirk Caldwell, City and County of Honolulu  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair  
Committee on Economic Assistance and Revitalization

May 10, 2020

**Grace Simon**  
[simonlovesmusic@gmail.com](mailto:simonlovesmusic@gmail.com)

**Support** for Legislative Proposal for Occupancy Relief Program

As a restaurateur, and employee of Sysco Hawaii, the largest broadline distributor in the state, I believe this proposal will help be a great help to all of us in the industry. Having to term and furlough employees in our restaurants has been absolutely heartbreaking. And from where I sit, I have witnessed a 75% decline in business. The scary truth is that some of these restaurants, who have "temporarily closed" or have been forced to go a limited service model, will not be able to survive the impending costs, the primary one being rent. With the trajectory of the current climate, not only will these businesses be forced to shutter their doors, the landlords will also struggle to stay afloat. Please consider this proposal as a lifeline for our economy. Your consideration and time is genuinely appreciated.

Sincerely,

Grace Simon

Mayor Kirk Caldwell, City and County of Honolulu  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair  
Committee on Economic Assistance and Revitalization

**May 11, 2020**

**Mason Cummings**  
**Maui Tacos – Kailua & Pearl City**  
**MASON@MAUITACOSOAHU.COM**

**Support** for Legislative Proposal for Occupancy Relief Program

Counties continue to collect their property taxes because they must to cover their own essential expenses. Landlords normally pass on property taxes and other costs to tenants per legally binding Lease Agreements, so Landlords see property taxes among other costs as tenant's responsibility. Because tenants can't pay rent, landlords are paying it for them but only as a loan in the form of rent deferral to be paid back.

Out of the various relief packages, nothing has come to the commercial property owners, so they have no incentive to give relief to their small business tenants. People are already two months behind on rent (April and May), and small businesses can't expect that landlords are going to offer abatement out of the goodness of their hearts.

Most institutional landlords are deferring rent. If the federal government creates additional programs and if landlords abate rent, landlords could be waiving their right to collect on government funds. Therefore, everyone is kicking the can down the road. Part of the rationale is that tenants are able to obtain government funds like PPP and EIDL loans to help pay for operating expenses which could include rent. In addition, COVID-19 happened so quickly and tenants were asking landlords for rent relief, but landlords did not want to make hasty decisions.

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- Tenants can't survive financially and eventually close, all those jobs go away and the space then sits vacant for 12-18 months or longer,
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On the flip side, landlords with commercial tenants don't want to lose tenants. They know if they start evicting they'll be left with empty spaces for sustained periods. Some landlords may bend over backwards for tenants. That still puts a lot of pressure on landlords and not all will be willing to support these businesses down the road. These non-essential small businesses need help, some type of catalyst, to work out new terms with their landlord and foster positive dialogue.

We propose to earmark a portion of the CARES Act funding for the purpose of an Occupancy Relief Program to provide emergency occupancy assistance for businesses affected by the 2020 coronavirus pandemic by preserving their physical occupancy through a grant paid to commercial property owners (claimants). The Occupancy Relief Program would be established to promote goodwill and encourage claimants to provide rent abatement and new lease terms with their tenants.

- In the application, claimant identifies the amount requested (for example, not to exceed the lesser of six months of real property tax, \$250,000, or Demonstrated Financial Hardship for owner-users), and the specific plan on how that money will be used. For example, asking for \$100,000 with a worksheet attachment that shows the XX eligible tenants and how much each will be allocated, and checking off how that pass through will happen (rent abatement, CAM credit, etc.). The landlord signs to attest that they are in good standing, current on real property taxes, etc., and will use the money as laid out in the worksheet. Real property taxes is being used as a standard for what applicants can qualify for.
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effectively, landlords may ease up on small business tenants if the State led a conversation and encouraged landlords to ease up by offering property tax abatement for the next, say 6 months. We are the Aloha State, so legislatures would be leading by example with a compassionate solution. They would offer grants in the amount of six months of real property tax to those who apply and qualify, while also encouraging landlords to work out new and favorable terms with tenants. This is an opportunity for the Mayor and City Council to be a thought leader for the country and what everyone is facing. These types of solutions are inevitable, so other States could band together and make a request for additional relief in CARES Act 2.

PPP/EIDL/etc. aren't enough for small businesses. These programs are to keep businesses in business and reduce the burden on small business tenants. Last recession we lost 1,600 businesses, this recession could be 4-5 times worse if we are not proactive. By saving 3,000 small businesses, that's over \$150 million in annual GE tax revenue to the State. The program may only cost \$100 million, but would help 100% of businesses with Demonstrable Financial Hardship and would make back over \$1.5 billion in GE tax revenue over the next ten years

100% of applications would receive a proportional share of the total pool of need. For example, if the Emergency Rent Relief Fund has \$100 million, and the total need from applications conditionally approved is \$150 million, each applicant who is conditionally approved will received 2/3 of their grant request. Applications that come in after the deadline will be pooled for a Second Round of funding depending on whether conditionally approved claimants decide, for whatever reason, not to receive their grant.

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Funding at \$105 million would cover 100% of total need and serve 100% of small businesses with Demonstrable Financial Hardship.

I humbly ask that you consider this proposal, as it may be the only thing that allows myself and many other businesses to keep their doors open and continue to provide for our families.

Thank you for your consideration.

Sincerely,

Mason Cummings

Mayor Kirk Caldwell, City and County of Honolulu  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair  
Committee on Economic Assistance and Revitalization

May 10, 2020

Jeffrey Laupola  
Jeffrey.W.Laupola@gmail.com

**Support** for Legislative Proposal for Occupancy Relief Program

The COVID-19 is an unprecedented challenge to our community and jeopardizes jobs and businesses for our island residents. Bold action by elected leaders with innovative solutions are needed now to save local businesses and local jobs.

Counties continue to collect their property taxes because they must cover their own essential expenses. Landlords normally pass on property taxes and other costs to tenants per legally binding Lease Agreements, so Landlords see property taxes among other costs as tenant's responsibility. Because tenants cannot pay rent, landlords are paying it for them but only as a loan in the form of rent deferral to be paid back.

Months of rent deferral adds up and could increase rent by 25-50% for the next 1-2 years. Small businesses will not be able to afford these higher costs. Hawaii is unique because so much of our economy relies on tourism that may take years to come back. Disposable income has disappeared, so locals are not going to be spending money to support local businesses and restaurants as they have in the past.

Thus, we propose to earmark a portion of the CARES Act funding for the purpose of an Occupancy Relief Program to provide emergency occupancy assistance for businesses affected by the 2020 COVID-19 pandemic by preserving their physical occupancy through a grant paid to commercial property owners as claimants. The Occupancy Relief Program would be established to promote goodwill and encourage claimants, landlords, to provide rent abatement or new lease terms with their tenants.

Thank you for the opportunity to provide testimony.

Mayor Kirk Caldwell, City and County of Honolulu  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair  
Committee on Economic Assistance and Revitalization

5/1/2020

John Rankin  
john@hapatravel.com

**Support** for Legislative Proposal for Occupancy Relief Program

Aloha,

My name is John Rankin and I am a small business owner in Hawaii whose business along with countless of others has been severely impacted by this pandemic. For us to survive in the current environment, it will require all of us to come up with strategic solutions to weather this storm.

Counties continue to collect their property taxes because they must to cover their own essential expenses. Landlords normally pass on property taxes and other costs to tenants per legally binding Lease Agreements, so Landlords see property taxes among other costs as tenant's responsibility. Because tenants can't pay rent, landlords are paying it for them but only as a loan in the form of rent deferral to be paid back.

Out of the various relief packages, nothing has come to the commercial property owners, so they have no incentive to give relief to their small business tenants. People are already two months behind on rent (April and May), and small businesses can't expect that landlords are going to offer abatement out of the goodness of their hearts.

Most institutional landlords are deferring rent. If the federal government creates additional programs and if landlords abate rent, landlords could be waiving their right to collect on government funds. Therefore, everyone is kicking the can down the road. Part of the rationale is that tenants are able to obtain government funds like PPP and EIDL loans to help pay for operating expenses which could include rent. In addition, COVID-19 happened so quickly and tenants were asking landlords for rent relief, but landlords did not want to make hasty decisions.

3-6 months of rent deferral adds up and could increase rent by 25-50% for the next 1-2 years. Small businesses won't be able to afford these higher costs. Hawaii is unique because so much of our economy relies on tourism that may take years to come back. Disposable income has disappeared so locals are not going to be spending money to support local businesses and restaurants as they have in the past. This is not a sustainable proposition and creates a number of problems:

- Tenants can't survive financially and eventually close, all those jobs go away and the space then sits vacant for 12-18 months or longer,
- Landlords then hire attorneys to collect back rent, creating an expensive legal problem that passes to the judicial system; and,
- Many of these business owners, who had no control over any of this, eventually file for bankruptcy and then need to wait seven years to start all over and some may never recover.

On the flip side, landlords with commercial tenants don't want to lose tenants. They know if they start evicting they'll be left with empty spaces for sustained periods. Some landlords may bend over backwards for tenants. That still puts a lot of pressure on landlords and not all will be willing to support these businesses down the road. These non-essential small businesses need help, some type of catalyst, to work out new terms with their landlord and foster positive dialogue.

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- In the application, claimant identifies the amount requested (for example, not to exceed the lesser of six months of real property tax, \$250,000, or Demonstrated Financial Hardship for owner-users), and the specific plan on how that money will be used. For example, asking for \$100,000 with a worksheet attachment that shows the XX eligible tenants and how much each will be allocated, and checking off how that pass through will happen (rent abatement, CAM credit, etc.). The landlord signs to attest that they are in good standing, current on real property taxes, etc., and will use the money as laid out in the worksheet. Real property taxes is being used as a standard for what applicants can qualify for.
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Funding at \$105 million would cover 100% of total need and serve 100% of small businesses with Demonstrable Financial Hardship.

I am strongly in favor of this proposal and ask that you consider this program to save the businesses in our community and facilitate conditions that will lead to a positive outcome for all. Thank you for your consideration.

Sincerely,  
John Rankin

**CLOSING**

Mayor Kirk Caldwell, City and County of Honolulu  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair  
Committee on Economic Assistance and Revitalization

**May 11, 2020**

**Brook Gramann**

**Lanikai Bath and Body | 600 Kailua Road No. 119, Kailua, Hawaii 96734**

**Brook@Lanikai.com**

**Support** for Legislative Proposal for Occupancy Relief Program

Aloha,

The recent past has included some of the most life changing weeks small businesses have seen in modern times. The looming threat of the Coronavirus has taken this country and our beautiful state of Hawaii by storm.

When we look at forecasts for the future, we see the undeniable prospect that economic recovery will take many, many months to achieve. The idea of adding delayed rent to the current rent in the coming months is simply not viable for most businesses if we expect to remain in business.

As the months progress, our sales will be a fraction of what we were receiving before this crisis began. It will be a challenge to make good on our future rent let alone added deferral costs.

The small businesses in Hawaii are the backbone of our community. All of us employ family, members of our community, and in many cases our Kupuna.

Please consider this Occupancy Relief Program. It is a win-win-win for landlords, tenants and the city and state.

Counties continue to collect their property taxes because they must to cover their own essential expenses. Landlords normally pass on property taxes and other costs to tenants per legally binding Lease Agreements, so Landlords see property taxes among other costs as tenant's responsibility. Because tenants can't pay rent, landlords are paying it for them but only as a loan in the form of rent deferral to be paid back.

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Counties are treating property taxes like a sacred cow, which they are, because they pay the County's salaries and essential expenses. This concept would not touch their sacred cow. It would create a parallel program, Federally funded through the CARES Act, because the CARES money coming to the State of Hawaii can only be spent on new programs. Because Counties would "return", say 6 months of property taxes through this Federally funded program, if rolled out effectively, landlords may ease up on small business tenants if the State led a conversation and encouraged landlords to ease up by offering property tax abatement for the next, say 6 months. We are the Aloha State, so legislatures would be leading by example with a compassionate solution. They would offer grants in the amount of six months of real property tax to those who apply and qualify, while also encouraging landlords to work out new and favorable terms with tenants. This is an opportunity for the Mayor and City Council to be a thought leader for the country and what everyone is facing. These types of solutions are inevitable, so other States could band together and make a request for additional relief in CARES Act 2.

PPP/EIDL/etc. aren't enough for small businesses. These programs are to keep businesses in business and reduce the burden on small business tenants. Last recession we lost 1,600 businesses, this recession could be 4-5 times worse if we are not proactive. By saving 3,000 small businesses, that's over \$150 million in annual GE tax revenue to the State. The program may only cost \$100 million, but would help 100% of businesses with Demonstrable Financial Hardship and would make back over \$1.5 billion in GE tax revenue over the next ten years

100% of applications would receive a proportional share of the total pool of need. For example, if the Emergency Rent Relief Fund has \$100 million, and the total need from applications conditionally approved is \$150 million, each applicant who is conditionally approved will received 2/3 of their grant request. Applications that come in after the deadline will be pooled for a Second Round of funding depending on whether conditionally approved claimants decide, for whatever reason, not to receive their grant.

Total pool of need estimated at \$105 million. Six months of non-residential RPT in 2019 = \$300 million. Capping properties at \$250,000 (200 properties reduced by \$500,000) reduces pool by \$100 million. Businesses with Demonstrable Financial Hardship may represent 70% of businesses. Only 75% of those in need may apply.  $(\$300 \text{ million} - \$100 \text{ million}) * 70\% * 75\% = \$105 \text{ million}$ .

Funding at \$105 million would cover 100% of total need and serve 100% of small businesses with Demonstrable Financial Hardship.

Thank you for your attention to this matter. Our small businesses are so important to Hawai'i.

Brook Gramann  
Lanikai Bath and Body  
600 Kailua Road No. 119  
Kailua, Hawaii 96734

Mayor Kirk Caldwell, City and County of Honolulu  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair  
Committee on Economic Assistance and Revitalization

05/10/2020

Leland Asato  
[leland.asato@giovannipastrami.com](mailto:leland.asato@giovannipastrami.com)

### **Support for Legislative Proposal for Occupancy Relief Program**

Counties continue to collect their property taxes because they must to cover their own essential expenses. Landlords normally pass on property taxes and other costs to tenants per legally binding Lease Agreements, so Landlords see property taxes among other costs as tenant's responsibility. Because tenants can't pay rent, landlords are paying it for them but only as a loan in the form of rent deferral to be paid back.

Out of the various relief packages, nothing has come to the commercial property owners, so they have no incentive to give relief to their small business tenants. People are already two months behind on rent (April and May), and small businesses can't expect that landlords are going to offer abatement out of the goodness of their hearts.

Most institutional landlords are deferring rent. If the federal government creates additional programs and if landlords abate rent, landlords could be waiving their right to collect on government funds. Therefore, everyone is kicking the can down the road. Part of the rationale is that tenants are able to obtain government funds like PPP and EIDL loans to help pay for operating expenses which could include rent. In addition, COVID-19 happened so quickly and tenants were asking landlords for rent relief, but landlords did not want to make hasty decisions.

3-6 months of rent deferral adds up and could increase rent by 25-50% for the next 1-2 years. Small businesses won't be able to afford these higher costs. Hawaii is unique because so much of our economy relies on tourism that may take years to come back. Disposable income has disappeared so locals are not going to be spending money to support local businesses and restaurants as they have in the past. This is not a sustainable proposition and creates a number of problems:

- ☐ Tenants can't survive financially and eventually close, all those jobs go away and the space then sits vacant for 12-18 months or longer,
- ☐ Landlords then hire attorneys to collect back rent, creating an expensive legal problem that passes to the judicial system; and,
- ☐ Many of these business owners, who had no control over any of this, eventually file for bankruptcy and then need to wait seven years to start all over and some may never recover.

On the flip side, landlords with commercial tenants don't want to lose tenants. They know if they start evicting they'll be left with empty spaces for sustained periods. Some landlords may

bend over backwards for tenants. That still puts a lot of pressure on landlords and not all will be willing to support these businesses down the road. These non-essential small businesses need help, some type of catalyst, to work out new terms with their landlord and foster positive dialogue.

We propose to earmark a portion of the CARES Act funding for the purpose of an Occupancy Relief Program to provide emergency occupancy assistance for businesses affected by the 2020 coronavirus pandemic by preserving their physical occupancy through a grant paid to commercial property owners (claimants). The Occupancy Relief Program would be established to promote goodwill and encourage claimants to provide rent abatement and new lease terms with their tenants.

- ☐ In the application, claimant identifies the amount requested (for example, not to exceed the lesser of six months of real property tax, \$250,000, or Demonstrated Financial Hardship for owner-users), and the specific plan on how that money will be used. For example, asking for \$100,000 with a worksheet attachment that shows the XX eligible tenants and how much each will be allocated, and checking off how that pass through will happen (rent abatement, CAM credit, etc.). The landlord signs to attest that they are in good standing, current on real property taxes, etc., and will use the money as laid out in the worksheet. Real property taxes is being used as a standard for what applicants can qualify for.
- ☐ The grant application must be filed by \_\_\_\_, 2020. The City accepts all of these applications over a (2?) week period and then awards 100% of conditionally approved applicants receiving their proportional share of total need. For example, if the Emergency Rent Relief Fund has \$100 million, and the total need from applications conditionally approved is \$150 million, each applicant who is conditionally approved will received 2/3 of their grant request. Applications that come in after the deadline will be pooled for a Second Round of funding depending on whether conditionally approved claimants decide, for whatever reason, not to receive their grant.
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Funding at \$105 million would cover 100% of total need and serve 100% of small businesses with Demonstrable Financial Hardship.

**Mahalo,**

**Leland Asato**  
**General Manager**  
**Giovanni Pastrami**  
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**(808) 391-2662 cell**

Penny Andrews , The Maui Jelly Factory “ Made in Maui”

(808) 359-1153cell (808) 249-6869

[Penny395@aol.com](mailto:Penny395@aol.com)/ [penny@mauijellyfactory.com](mailto:penny@mauijellyfactory.com)

-Agenda- Occupy Relief Program

-Representing- The Maui Jelly Factory

-Support for Occupy Relief Program

Dear Sirs/Madams,

Please accept my testimony in support of the Occupy Relief Program and on behalf our Made in Maui business, The Maui Jelly Factory. Our business has been open for 25 years and has been almost destroyed financially due to COVID 19. Fortunately, we have survived several down markets and the 2008/2009 Financial Crisis. However, with COVID 19 The Pandemic and the Island and entire United States being literally shut down and tourism reduced to nothing, we are close to being permanently shut down.

The PPE was minimal since we only have 3 employees on pay roll and we are still waiting to see if we are going to get any other financial help from the CARES ACT. Once our business re-opens we will be at a deficit and trying to catch up on Rent and paying upcoming Rent will be a huge burden and may be the difference if our business succeeds or fails. Our rent is substantial since we are a factory and manufacture our product on sight with local ingredients only. We desperately need the Occupy Relief program to assist us with past rent and future for a few months until the economy comes back.

Our business as well as 95% of others depends on tourism and at this point no one really knows how long that is going to take us to get back to “the new normal”. This Pandemic is unprecedented and no one can say for sure how long this will take to rebuild our economy.

The small businesses have been left out of the CARES ACT due to corporate greed.

Please help us succeed and make Hawaii a tourist #1 destination again.

Sincerely,

Penny Andrews/The Maui Jelly Factory

Mayor Kirk Caldwell, City and County of Honolulu  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair  
Committee on Economic Assistance and Revitalization

**May 10th, 2020**

**David Newman**  
[Dave@pintandjigger.com](mailto:Dave@pintandjigger.com)

**Support for Legislative Proposal for Occupancy Relief Program**

Thanks for taking the time to listen to the plight that we as the restaurant and bar industry find ourselves in. I've lived in Hawaii for the last 14 years, opened two craft cocktail bars, and am a former five-term president of the Hawaii chapter of the United States Bartenders Guild. I have dedicated my life to this industry and am immensely proud of our bar and restaurant community, who have really come together in this incredibly challenging time.

Having to recently and permanently closed Pint and Jigger and Harry's Hardware Emporium, was devastating to myself, my partners, and our staff. These unprecedented times have put a hardship on everyone, but particularly on our bar and restaurant industry. Ours is the sole industry (that I am aware of) that runs on such thin margins. Most restaurants run on 5% profit margins, with the really successful ones running just above 10%. No other industry would ever accept these numbers. Can you imagine a plumber working on a 5% margin?

Our industry has been crippled. We were told to mandatorily shut down, but not one of our leaders in Hawaii has had the courage to stand up and tell us how we are supposed to do that. You've pointed to federal aid, like PPP loans, but these can't work for restaurants currently struggling to stay afloat because they can't bring their employees back to qualify for the forgiveness; one, because new social distancing requirements prohibit enlisting a entire front-of-the-house staff; and two, limited and socially distanced seating translates to dramatically reduced income for our tip-based workforce. Not to mention revenue for the business itself. For others, like ourselves, it's too late. Our bars have been forced to close and our teams are out of work. We are losing iconic Hawaii landmarks, such as Like Like Drive Inn and Agu Ramen, and still there has not been a single word, plan of action or offer of help for our collapsing industry. Even with reopening looming on the horizon, our sector of the economy doesn't look to be enjoying much of the same benefits as other sectors. Unfortunately, we don't have the same unions or lobbyists from which other industries benefit. Our hope was that our leaders would have seen the value of what we bring to the table, to our communities, to Hawaii. So far that hasn't been the case.

I'm actually embarrassed for how we have handled this crisis as a state. As of today, only three members out of our entire staff have received any money from unemployment. How can our leadership stand by and allow this to happen? I understand that our unemployment insurance computer equipment was pathetically out of date. Whoever is responsible for this should be ashamed. You have one job. Take care of the people who are experiencing a terrible, stressful, and even humiliating situation. You have utterly failed. You could have had 100 people actually calling the 250,000 unemployed. They could each have worked 10 hours a day, 10 minutes per applicant. That equals 6,000 people assisted per day. Now, 42 days later, every single one of the 250,000 applicants would have received a personal phone call from a state worker who cared. My entire community and restaurant family has wasted an incredible amount of time and energy trying to repeatedly get online or call only to fail. At the very least why haven't the

weekly claims been done away with? The volume of calls would have dwindled to a tiny percentage of what they currently are. You have told us we can't work! Why are we having to file weekly claims? It makes no sense, and you are impeding so many people from getting the money that would allow us to pay our rent on time, eat proper food, and maybe even support our colleagues whose businesses have been crippled, by purchasing to-go food. I understand that our government leaders are supposed to represent their constituents, but I'm embarrassed to see that our leaders are voting for 3% raises across the board and are not addressing the horrid plight of our restaurant industry.

Please support the Occupancy Relief Program. It definitely doesn't remotely cover what we need, but at least it might infuse some money where it should and could be considered a start.

At the same time, let's take this opportunity to address some major issues facing our industry as a whole. Let's start by cutting through some of the bureaucracy and red tape. Permit and Planning is equally as embarrassing as the Unemployment Office in their utter failure in doing their jobs. There is no justification for a restaurant or bar building permitting process to stretch months and months, or even a year or more! It's ridiculous. We are working on razor thin margins. There is no way we can continue to endure these governmental inadequacies, especially considering the outlook for our restaurant economy.

The Liquor Commission needs a complete overhaul. They are working off laws and regulations from another century. The three-tier system is a fossil; it's archaic, and it's just a matter of time before more efficient businesses like Amazon force the extinction of this dinosaur. Why not be ahead of the curve for once, and get a head start revamping, instead of following and being five years behind. I won't even talk about the rail. How can our leaders pat each other on the back about how good Hawaii is doing with the pandemic when they themselves were so behind the example the rest of the world and mainland had already provided? Just stop. Help us. We are asking for your help.

I know that you have an incredible amount on your plate and I appreciate you taking the time to read this letter. I am always available and willing to help in any way possible. Again, I've immersed myself in our bar and restaurant community and culture and want desperately to see Hawaii be a world class destination, known for our hospitality, variety, and shockingly good food. We need help getting there and this pandemic is a great magnifying-glass opportunity to correct a lot of mistakes that are leading us away from this path.

Please support the proposal for the Occupancy Relief Program and give us a sign that we are headed in the right direction.

Thanks and aloha,

David Newman  
[Dave@pintandjigger.com](mailto:Dave@pintandjigger.com)

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Dave Thor Newman  
Owner/Operator Pint and Jigger  
1936 S King St.  
Honolulu, HI 96827  
c. 808 292-6280  
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Mayor Kirk Caldwell, City and County of Honolulu  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair  
Committee on Economic Assistance and Revitalization

May 11, 2020

Jen Len  
[jenlen888@gmail.com](mailto:jenlen888@gmail.com)

#### Support for Legislative Proposal for Occupancy Relief Program

Thank you for taking the time to listen to the plight that we are the restaurant and bar industry find ourselves in. I was born and raised in Hawaii and left for 17 years and have been back for over 1.5 years now with the intentions of starting a business. I have been a member of the United States Bartender's Guild and am a spirits educator and strong proponent for continued Hawaii market growth. I have dedicated my life to this industry and am immensely proud of our bar and restaurant community.

I am currently furloughed from Encore Saloon in Chinatown with another delayed job offer for a new place in Kaka'ako that was supposed to open in April. These unprecedented times have put a hardship on everyone, but particularly on our bar and restaurant industry. The bar and restaurant industry runs on very thin margins. Most restaurants run on 5% profit margins, with the really successful ones running just above 10%. No other industry would ever accept these numbers yet we have one of the most intense bureaucratic processes.

Our industry has been crippled. We were told to mandatorily shut down, but not one of our leaders in Hawaii has had the courage to stand up and tell us how we are supposed to do that. You've pointed to federal aid, like PPP loans, but these can't work for restaurants currently struggling to stay afloat because the stipulations are not feasible. There is no one solution to staying afloat. They can't bring their employees back to qualify for the forgiveness; one, because new social distancing requirements prohibit enlisting a entire front-of-the-house staff; and two, limited and socially distanced seating translates to dramatically reduced income for our tip-based workforce. Not to mention revenue for the business itself. We are losing iconic Hawaii landmarks, such as Like Like Drive Inn and Agu Ramen, and still there has not been a single word, plan of action or offer of help for our collapsing industry. Even with reopening looming on the horizon, our sector of the economy doesn't look to be enjoying much of the same benefits as other sectors. Unfortunately, we don't have the same unions or lobbyists from which other industries benefit. Our hope was that our leaders would have seen the value of what we bring to the table, to our communities, to Hawaii. So far that hasn't been the case. We were the first to shut down and most likely the last to reopen without a "full" opening because of social distancing measures.

We can do a lot better than how we have handled this crisis as a state. As of today, only three members out of our entire staff at Encore Saloon have received any money from unemployment. How can our leadership stand by and allow this to happen? I understand that our unemployment insurance computer equipment was pathetically out of date. Whoever is responsible for this should be ashamed. You have one job. Take care of the people who are experiencing a terrible, stressful, and even humiliating situation. You have utterly failed. Our entire community and restaurant family has wasted an incredible amount of time and energy trying to repeatedly get online or call only to fail. At the very least why haven't the weekly claims been done away with? You have told us we can't work! You could be streamlining the process by taking away the red tape of filing weekly claims! It makes no sense, and you are impeding so

many people from getting the money that would allow us to pay our rent on time, eat proper food, and maybe even support our colleagues whose businesses have been crippled, by purchasing to-go food. I understand that our government leaders are supposed to represent their constituents, but I'm embarrassed to see that our leaders are voting for 3% raises across the board and are not addressing the horrid plight of our restaurant industry.

Please support the Occupancy Relief Program. It definitely doesn't remotely cover what we need, but at least it might infuse some money where it should and could be considered a start. And please keep working for solutions to keep our economy afloat with the input of those who are in this community.

At the same time, let's take this opportunity to address some major issues facing our industry as a whole. Let's start by cutting through some of the bureaucracy and red tape. Permit and Planning is equally as embarrassing as the Unemployment Office in their utter failure in doing their jobs. There is no justification for a restaurant or bar building permitting process to stretch months and months, or even a year or more! It's ridiculous. We are working on razor thin margins. There is no way we can continue to endure these governmental inadequacies, especially considering the outlook for our restaurant economy.

The Liquor Commission needs a complete overhaul. They are working off laws and regulations from another century. The three-tier system is a fossil; it's archaic, and it's just a matter of time before more efficient businesses like Amazon force the extinction of this dinosaur. Why not be ahead of the curve for once, and get a head start revamping, instead of following and being 10 years behind. I won't even talk about the rail. How can our leaders pat each other on the back about how good Hawaii is doing with the pandemic when they themselves were so behind the example the rest of the world and mainland had already provided? Just stop. Help us. We are asking for your help.

With the intent of opening a business here in Hawaii, I have continuously put it aside because of the ridiculousness of these rules. Trying to bring creativity here to Hawaii is a goal that's deterred by the antiquated rules of the LC and business permitting and planning.

I know that you have an incredible amount on your plate and I appreciate you taking the time to read this letter. I am always available and willing to help in any way possible. Again, I've immersed myself in our bar and restaurant community and culture and want desperately to see Hawaii be a world class destination, known for our hospitality, variety, and shockingly good food, cocktails, and experiences. We need help getting there and this pandemic is a great magnifying-glass opportunity to correct a lot of mistakes that are leading us away from this path.

Please support the proposal for the Occupancy Relief Program and give us a sign that we are headed in the right direction.

Best,  
Jen Len  
[jenlen888@gmail.com](mailto:jenlen888@gmail.com)

Aloha,

My name is Judith Capertina. I am the owner/operator of Haole Girl Island Sweets on the Island of Kauai. I am a Culinary Institute of America Graduate and been in the Hospitality Industry for 42 years.

We are in the middle of a full-on Economy Crisis with the collapse of the Food and Hospitality fall-out from the closings of our operations as a Mandate set.

There has been no protocol set for reopening guidelines with regards to Brick and Mortar Operations. Social distancing guidelines in regards to service areas, sitdown seating, bars, permit reapplications are non-existent.

We live every day trying to work around restrictions set with no input as to how we are supposed to survive and pull this out of its devastation.

I am a Farm-to-table Bakery, and my stage is now the Farmers markets that have not been closed down, and tent pop-ups to be able to sell my products. I am working with the KIFB on Kauai to try to get food to people in need. Many times there are people looking to help supply, but no set locations for distributions. I am seeing stories every day of people waiting for unemployment support or news of any kind. Dropped phone calls and internet disasters with the Dept of Unemployment.

No guidelines at all set for reopening of restaurants, hotels, and bars. Many owners are so frustrated that they are giving up. These are locations that have been in business for decades, unable to reopen because they are in limbo. Cutbacks to 25% occupancy due to Social distancing is necessary, but cuts out 75% of revenue necessary to keep these operations afloat.

There needs to be some form of action from our Govt Sector. People are drowning in the system with no lifelines that they can grab onto.

Please consider this letter as testimony on behalf of the Hospitality Industry view. Not sure what the answer is but we need to start moving in the direction to rebuild and set guidelines.

Mahalo for your time,

Much Aloha,

Judith Palmer Capertina

Haole Girl Island Sweets

My name is Nickolas Agricola and I am a firefighter/first responder for the city and county of Honolulu and I am writing to urge you to vote in favor of the legislative proposal for the occupancy relief program.

Many of my friends and owners and employees of the many businesses who are hit hardest right now need all the support you can give in order to survive and hopefully thrive again. I am writing in hopes that this will be enough, but anything is better than what many of them have been facing since the shutdown. I have been blessed to still be working and facing this crisis head on in the front lines, but I hope it's not for nothing. We've also been blessed as a state to have staved off the casualty numbers that other states have been facing against the coronavirus. Now is the time to save the businesses and livelihoods that our shutdown measures rightfully put secondary to human lives. Please support these measures. Stay safe!!

Most sincerely,  
Nickolas Agricola-Firefighter, Engine 32/3rd

Mayor Kirk Caldwell, City and County of Honolulu  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair  
Committee on Economic Assistance and Revitalization

**May 10, 2020**

**Hideo Simon**  
**simon@squarebarrels.com**

**Support** for Legislative Proposal for Occupancy Relief Program

In the restaurant industry, we have experienced devastating declines in revenue. In the bar industry, we have experienced complete loss of revenue. However, it is still expected of all small businesses to continue to pay rent as normal. Even with the support of our community of customers, we are not able to cover a fixed costs, including rent. Specifically, at Square Barrels, we have seen over an 80% reduction in overall sales. We have had the benefit of Governor Ige's liquor code to add sales from that aspect of the business, but the margins in that portion of the business have tightened significantly. Now, we are competing with grocery store prices. We, the small business restaurateurs of Honolulu, are asking you for relief in this one aspect. This can help us to focus our energy and efforts on how we will survive in other aspects of business during this extremely difficult time.

Sincerely,

Hideo Simon

Aloha,

I would like to see small businesses be able to get some relief through this program to help with issues such as rent. As a currently unemployed restaurant industry worker (I have worked in Waikiki for 19 years), I worry about my bar/restaurant reopening and being able to sustain without help. There are so many businesses that will close due to the Covid issue, and right now the ones that are open, are running skeleton crews and Togo orders to stay afloat. However, once the industry reopens, how will these businesses be able to bring back employees and not take a hit from labor costs, food, liquor, insurance, ect and still have the money to pay rent or back rent? If opening to early or at the wrong time, The debt incurred could cripple a restaurant or bar and ultimately cause them to close. Please help them out and let us make sure both we as a community and the industry as a whole never has to take this hit again.

Mahalo for your time,

Sjon Brown



05/11/2020

To Whom It May Concern:

My name is Kurt Jones. I run a small violin shop in Chinatown. I have had no income since the lockdown began on March 23, and I know many small businesses are in the same boat. I had enough money from violin repair work to pay April's rent, but I had to rely on the generosity of a friend to meet May's rent. I have applied for unemployment and the EIDL loan. I received \$1000 from the EIDL, but haven't received any other governmental support.

If both the EIDL loan and unemployment fail to support my business, then I have no chance of paying future rent from June 2020 onward. Deferring rent is really not an option as the compounding rent and subsequent penalties will only put off the inevitable closing of the shop.

The Occupancy Relief Program for landowners and tenants gives me hope that I can keep my shop open and serving customers. I have attached a recent magazine article which gives more information about me and the shop.

Thank you for your attention regarding this matter.

Sincerely,

Kurt R Jones

Attachment:

Got the World on a String

October - November 2019

<http://hiluxury.com/hisociety/got-the-world-on-a-string/>

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1109 Maunakea St, Ste 208, Honolulu, HI, 96817  
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[Kurtrjonesviolins3@gmail.com](mailto:Kurtrjonesviolins3@gmail.com)  
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Mayor Kirk Caldwell, City and County of Honolulu  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair  
Committee on Economic Assistance and Revitalization

**May 11, 2020**

**Russell Oshita**  
**[inquiries@thediamondspecialists.com](mailto:inquiries@thediamondspecialists.com)**

**Support for Legislative Proposal for Occupancy Relief Program**

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**This Occupancy Relief Program proposal is a necessary aid to small business to relieve the pressure from lease payments for all businesses, specifically small business like ours to be able to survive this emergency. As many other small businesses in Hawaii we at The Diamond Specialists Inc. were thrust into a difficult situation due to the COVID19 outbreak. The Emergency Proclamation, while necessary, made things worse. Even after we are allowed to open for business, it would take a while before customers, most who may have also lost employment, to come back. We ask that you accept this proposal and immediately implement it. Accepting this proposal would help to stabilize the present and future on so many levels – small businesses, their customers landlords and the city and county. This could truly become the solution for other communities thorough out the country.**

**The Diamond Specialists Inc.  
Russell Oshita  
President**

Aloha

My name is Jonah Souza,  
I'm writing to support the new proposal for occupancy relief program  
we own 3 local bar and grills and need very much help with back and upcoming rent  
because we were the first to close and probably the last to open we are facing to shut down for good if  
we can't find help, paying rent is our biggest worries at this time. The PPP aid won't help us with rent and  
asking for a loan is not an option for us because we don't want to get into more depth.

appreciate your time  
Jonah Souza  
808-227-9935

Mayor Kirk Caldwell, City and County of Honolulu  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair  
Committee on Economic Assistance and Revitalization

**5/10/2020**

**Richard R Jacobs**  
**[emoveshawaii@gmail.com](mailto:emoveshawaii@gmail.com)**

### **Support for Legislative Proposal for Occupancy Relief Program**

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**I am a wholesale rep and pay rent for my showroom in a commercial building. My business sales depend upon tourism. I am now unemployed but obligated to my showroom rent without any income coming in.**

Mayor Kirk Caldwell, City and County of Honolulu  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair  
Committee on Economic Assistance and Revitalization

May 11, 2020

Chris and Kakay Tarvyd / Crepes No Ka 'Oi LLC  
crepesnokaoi@yahoo.com

**Support** for Legislative Proposal for Occupancy Relief Program

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Committee on Economic Assistance and Revitalization

**May 11, 2020**

**Joy Bitonio**  
**aloha@komohawaii.com**

**Support** for Legislative Proposal for Occupancy Relief Program

Aloha Mayor Caldwell,

My name is Joy Bitonio, I am a resident of the Windward side and the proud female founder/owner of KOMO Studio, a boutique fitness studio in Kailua, Hawaii. I opened my studio doors in January of this year in realizing a dream decades in the making.

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It is my hope that in the spirit of partnership and support of our small business community that we find a way forward that is realistic and sensible during these unprecedented times in order for us to survive in the short term, and thrive in the long term.

Mahalo for your consideration and kokua for the small business community.

Aloha,

Joy Bitonio  
Founder/Owner, KOMO Studio



539 Kailua Road, 103 Kailua, Hawaii 96734 ph 808.262.8183 fax 808.262.8363 admin@globalvillagehawaii.com

**Mayor Kirk Caldwell, City and County of Honolulu  
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**May 11, 2020**

**Debbie Hopkins  
[admin@globalvillagehawaii.com](mailto:admin@globalvillagehawaii.com)**

**Support for Legislative Proposal for Occupancy Relief Program:**

**We are a retail boutique operating in Kailua, Hawaii for almost 25 years. We believe that the Occupancy Relief Program is needed so that we can survive. As a tenant of Alexander & Baldwin, we owe thousands of dollars every month for rent. The forced closure has impacted our revenue stream and depleted savings in the bank.**

**Although we have been paying insurance for business interruption for all these years, the insurance company will not pay out because there was no physical damage done to the property. We are at a loss on what to do. We owe our landlord approximately \$240,000 for the next two years and fear that our only alternative is filing for bankruptcy.**

**Counties continue to collect their property taxes because they must cover their own essential expenses. Landlords normally pass on property taxes and other costs to tenants per legally binding Lease Agreements, so Landlords see property taxes among other costs as tenant's responsibility. Because tenants cannot pay rent, landlords are paying it for them but only as a loan in the form of rent deferral to be paid back.**

**Out of the various relief packages, nothing has come to the commercial property owners, so they have no incentive to give relief to their small business tenants. People are already two months behind on rent (April and May), and small businesses cannot expect that landlords are going to offer abatement out of the goodness of their hearts.**

**Most institutional landlords are deferring rent. If the federal government creates additional programs and if landlords abate rent, landlords could be waiving their right to collect on government funds. Therefore, everyone is kicking the can down the road. Part of the rationale is that tenants can obtain government funds like PPP and EIDL loans to help pay for operating expenses which could include rent. In addition, COVID-19 happened so quickly, and tenants were asking landlords for rent relief, but landlords did not want to make hasty decisions.**

**3-6 months of rent deferral adds up and could increase rent by 25-50% for the next 1-2 years. Small businesses will not be able to afford these higher costs. Hawaii is unique because so much of our economy relies on tourism that may take years to come back. Disposable income has disappeared, so locals are not going to be spending money to support local businesses and**

restaurants as they have in the past. This is not a sustainable proposition and creates several problems:

- Tenants cannot survive financially and eventually close, all those jobs go away and the space then sits vacant for 12-18 months or longer,
- Landlords then hire attorneys to collect back rent, creating an expensive legal problem that passes to the judicial system; and,
- Many of these business owners, who had no control over any of this, eventually file for bankruptcy, lose business assets, and then lose everything personally. Global Village Kailua will not recover.

On the flip side, landlords with commercial tenants do not want to lose tenants. They know if they start evicting, they will be left with empty spaces for sustained periods. Some landlords may bend over backwards for tenants. That still puts a lot of pressure on landlords and not all will be willing to support these businesses down the road. These non-essential small businesses need help, some type of catalyst, to work out new terms with their landlord and foster positive dialogue.

We propose to earmark a portion of the CARES Act funding for the purpose of an Occupancy Relief Program to provide emergency occupancy assistance for businesses affected by the 2020 coronavirus pandemic by preserving their physical occupancy through a grant paid to commercial property owners (claimants). The Occupancy Relief Program would be established to promote goodwill and encourage claimants to provide rent abatement and new lease terms with their tenants.

- In the application, claimant identifies the amount requested (for example, not to exceed the lesser of six months of real property tax, \$250,000, or Demonstrated Financial Hardship for owner-users), and the specific plan on how that money will be used. For example, asking for \$100,000 with a worksheet attachment that shows the XX eligible tenants and how much each will be allocated, and checking off how that pass through will happen (rent abatement, CAM credit, etc.). The landlord signs to attest that they are in good standing, current on real property taxes, etc., and will use the money as laid out in the worksheet. Real property taxes is being used as a standard for what applicants can qualify for.
- The grant application must be filed by a date to be determined in 2020. The City accepts all these applications over a recommended two-week period and then awards 100% of conditionally approved applicants receiving their proportional share of total need. For example, if the Emergency Rent Relief Fund has \$100 million, and the total need from applications conditionally approved is \$150 million, each applicant who is conditionally approved will received 2/3 of their grant request. Applications that come in after the deadline will be pooled for a Second Round of funding depending on whether conditionally approved claimants decide, for whatever reason, not to receive their grant.
- The City will implement checks, such that should property owners fail to fulfill their grant or comply with the requirements, they must pay it back (with penalty). Claimants certify that no coercion was used to obtain tenants' agreements. Additionally, tenants certify they were not coerced into the renegotiated terms. Lease Agreements should be renegotiated as a condition for public support. Grants that fail to comply will convert to a loan, will have a maturity date of "December 1, 2020?", and shall accrue interest at a rate of 7% per annum from the date the proceeds are disbursed. No payments shall be due on the loan prior to the maturity date.

· All proceeds (i.e. any loan repayments and interest thereon) from loans that are not forgiven (as described below) will be paid into the Emergency Tax Relief Fund. The Emergency Rent Relief Fund will be a continuing fund to be gradually replenished by assessments on businesses after the Hawaii economy recovers from the COVID-19 global pandemic.

Counties are treating property taxes like a sacred cow, which they are, because they pay the County's salaries and essential expenses. This concept would not touch their sacred cow. It would create a parallel program, federally funded through the CARES Act, because the CARES money coming to the State of Hawaii can only be spent on new programs. Because Counties would "return", say 6 months of property taxes through this Federally funded program, if rolled out effectively, landlords may ease up on small business tenants if the State led a conversation and encouraged landlords to ease up by offering property tax abatement for the next, say 6 months.

We are the Aloha State, so legislatures would be leading by example with a compassionate solution. They would offer grants in the amount of six months of real property tax to those who apply and qualify, while also encouraging landlords to work out new and favorable terms with tenants. This is an opportunity for the Mayor and City Council to be a thought leader for the country and what everyone is facing. These types of solutions are inevitable, so other States could band together and make a request for additional relief in CARES Act 2.

PPP/EIDL/etc. are not enough for small businesses. Although, these programs are to keep businesses in business, it increases the burden on small business tenants. Last recession we lost 1,600 businesses; this recession could be 4-5 times worse if we are not proactive. By saving 3,000 small businesses, that is over \$150 million in annual GE tax revenue to the State. The program may only cost \$100 million, but would help 100% of businesses with Demonstrable Financial Hardship and would make back over \$1.5 billion in GE tax revenue over the next ten years

100% of applications would receive a proportional share of the total pool of need. For example, if the Emergency Rent Relief Fund has \$100 million, and the total need from applications conditionally approved is \$150 million, each applicant who is conditionally approved will received 2/3 of their grant request. Applications that come in after the deadline will be pooled for a Second Round of funding depending on whether conditionally approved claimants decide, for whatever reason, not to receive their grant.

Total pool of need estimated at \$105 million. Six months of non-residential RPT in 2019 = \$300 million. Capping properties at \$250,000 (200 properties reduced by \$500,000) reduces pool by \$100 million. Businesses with Demonstrable Financial Hardship may represent 70% of businesses. Only 75% of those in need may apply.  $(\$300 \text{ million} - \$100 \text{ million}) * 70\% * 75\% = \$105 \text{ million}$ . Funding at \$105 million would cover 100% of total need and serve 100% of small businesses with Demonstrable Financial Hardship.

We are hopeful that collaboration between the government and business entities will help tenants in these unprecedented times.

Sincerely,

Debbie P. Ah Chick-Hopkins



Aloha Ryan,

Thanks so much for taking the time to talk with me. Attached is the support for the proposal.

Mahalo and best of Luck!

Jon & Lauren

--

Jonathan Fendrick  
Chief Operating Officer  
Lauren Roth Art  
131 Hekili St ste 105  
Kailua, HI 96734  
808-439-1993

May 11, 2020

Gida Snyder

552 Culinary Group, LLC

[gida@552culinarygroup.com](mailto:gida@552culinarygroup.com)

Support for Legislative Proposal for Occupancy Relief Program.

To whom it may concern, as the owner of a small catering business here on Kaua'i and an active member of our restaurant community, I am feeling firsthand the immediate and devastating blow of this crisis on our restaurant and hospitality industry. What's more, as a single member LLC with no employees, my business has been denied the PPP loan which would have at least helped with rent and utility payments in the interim as I try to pivot my business to this new reality.

It is with this urgency for my own business and for those of my friends and colleagues that I urge the legislature to pass the Occupancy Relief Program.

With Aloha,

Gida Snyder

Mayor Kirk Caldwell, City and County of Honolulu  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair  
Committee on Economic Assistance and Revitalization

**May 11, 2020**

**Summer Rothwell**  
**Yogaunderthepalms@gmail.com**

**Support** for Legislative Proposal for Occupancy Relief Program

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3-6 months of rent deferral adds up and could increase rent by 25-50% for the next 1-2 years. Small businesses won't be able to afford these higher costs. Hawaii is unique because so much of our economy relies on tourism that may take years to come back. Disposable income has disappeared so locals are not going to be spending money to support local businesses and restaurants as they have in the past. This is not a sustainable proposition and creates a number of problems:

- Tenants can't survive financially and eventually close, all those jobs go away and the space then sits vacant for 12-18 months or longer,
- Landlords then hire attorneys to collect back rent, creating an expensive legal problem that passes to the judicial system; and,
- Many of these business owners, who had no control over any of this, eventually file for bankruptcy and then need to wait seven years to start all over and some may never recover.

On the flip side, landlords with commercial tenants don't want to lose tenants. They know if they start evicting they'll be left with empty spaces for sustained periods. Some landlords may bend over backwards for tenants. That still puts a lot of pressure on landlords and not all will be

willing to support these businesses down the road. These non-essential small businesses need help, some type of catalyst, to work out new terms with their landlord and foster positive dialogue.

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**I fall into the category of businesses that are not eligible for any financial aide through the SBA. I have run a successful yoga business since 2018 but in 2019, I did not generate a profit because all revenue was put towards the buildout of my new Kailua studio which opened in February 2020. All of my yoga teachers are independent contractors. Because I did not generate a profit and do not have traditional employees, I do not qualify for the PPP program. My landlord has offered differed rent but no form of aide or abatement.**

Kyong Chang  
chang.kyong@gmail.com

My name is Kyong, owner of Koi Honolulu in Royal Hawaiian Shopping Center. I have been in business in Waikiki for over 30 years. We were forced to close by government order and had zero income for the month of April, yet are still obligated to pay the full month's rent. May will be the same, with growing concern of zero foot traffic in Waikiki, when our business depends on tourism. Even with savings, I can only survive for a few months. The airports and hotels are restricted; 14-day quarantine is in place; yet we're being asked to reopen the store on May 15th. The PPP loan is required to be used in 8 weeks, when we are not even open so serves little purpose. Our employees are scared to go back to work with the risks. When our income is zero, how are we expected to pay rent like business as usual? We hope the government and landlords can consider solutions for those reliant on the tourism industry and help small businesses during this crisis.

Sun Bresson  
rangersportshi@hotmail.com

My name is Sun, owner of 3 different stores in Royal Hawaiian Shopping Center. We were forced to close at the end of March but still obligated to pay monthly rent. Since I have 3 stores, with zero income, I am in financial straits. Even the PPP loan only covers the employee payroll so I have nothing left for rent. Reopening the stores is meaningless when the airports and hotels are still closed and a quarantine period is in effect. Our business survives on tourism, and yet we will not see tourism recover any time soon. I hope that the government and landlords can help see the benefit in helping tenants now, rather than risk us all being unable to continue in the future.